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West Europe Report



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POLITICAL

DENMARK

CONTENDERS EAGER TO FILL GAP LEFT BY VS PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 86 p 7

[Commentary by Morten Larsen: "Crunch on Left Flank to Take Place of Left Socialists"]

[Text] The Left Socialists' [VS] latest crisis may claim the life of the party so that it will not receive sufficient votes for a seat in Parliament. In such a case, the party may leave a hole on the left flank which can become even larger if SF [Socialist People's Party] fails its voters' expectations in a coalition with the Social Democrats [S]. It is difficult to make a safe prediction of who would fill the hole. BERLINGSKE TIDENDE has taken the left flank's temperature.

The Left Socialists may leave a gaping hole on the left flank if decimation of things results in the voters wandering other places on election day.

For the last ten years, the Left Socialists have been united in filling up the area to the left of the Socialist People's Party--except for the competitor on Dronningens Tvaergade, the Danish Communist Party [DKP].

The communists were forced to say goodbye to Parliament in 1979, and since then, the party's voter appeal has steadily and quietly withered so that today, the party is not a serious bidder as a stand-in for VS.

There are many reasons for this, and first and foremost is the fact that the party today cannot appeal to the group of voters who have completed or are completing a higher education and who previously have formed the nucleus of support for VS among the voters. The same applies to the breakaway group from DKP, seamen's leader Preben Moller Hansen's Common Course Club.

"His proletarian popularism is not addressed to these people," according to Benito Scocozza, the former head of the languishing Communistic Worker's Party (KAP).

'SF Just a New S'

Scocozza believes that the empty hole left by VS in Danish politics already exists and he cannot see today who will fill it.

"We are waiting for a socialist government with which people will become satisfied. The next election will be SF's election. When it finally dawns on the voters that SF has become just another type of Social Democratic party, they will become disappointed, and then a party may pop up which will fill the hole," states Benito Scocozza.

He does not dare predict whether it will be one of the existing parties from the left flank which will fill the gap, or whether a new party will be formed by the dissatisfied SFers. The crunch on the extreme left wing is great. The common issue for the Communist Worker's Party (KAP), the Socialistic Labor Party (SAP), and the Danish Communist Party/Marxist-Leninist Line (DKP/ML) is whether they can gather enough signatures to be entitled to a place on the ballot.

But the voters on election day are so few that the matter is embarrassing for all except the parties themselves.

Maybe The Greens Can

The Greens must not be excluded as the party which can fill the gap left by VS--if there is a hole--believes voter researcher, assistant professor and political scientist Steen Sauerberg.

"There is in fact something which makes this likely. Primarily, there is great consistency between the placement of the various political positions, and the Greens' policies, in terms of a left/right spectrum, which positions the Greens on the left flank," says Steen Sauerberg.

On the other hand, he will not write off in advance the possibility of the VS Party returning again.

"They are not sunk yet, and SF's takeover of the area to the right of the Social Democrats can mean that some of the party's voters will support VS. The appeal of SF to the middle can result in some defections, and so, today there is only VS and the Greens. In addition, in the next election, VS may receive sympathy votes from SF and the Social Democrats which will prevent the party from falling below the minimum ballot-qualifying requirement so that the representation in Parliament will tip to the right," states Steen Sauerberg.

One of the Social Democrat's strong ideologic cards in the parliamentary delegation is former Education and Social Minister Ritt Bjerregaard. She also will not write off the possibility of VS surviving.

She points to the fact that the party always has been marked by defections and typically they have occurred each time there has been a prospect that VS votes perhaps could be useful.

"I think there are voters who do not agree with VS but who vote for the party because they think there is a need for those votes and because the party has capable people in Parliament. It will pose problems for them that two of those who defined the party for the outside world are now leaving VS--but the party can survive this if it has enough time," Ritt Bjerregaard believes.

She adds that the only possibility which the Social Democrats have today for posing as an alternative to the non-socialist government is jointly with SF, since the non-socialist government, in all matters involving economic policy, have acted without the Social Democrats' support.

Ritt Bjerregaard absolutely will not foreclose the possibility that following a change of government, the Social Democrats would be able to pursue policies jointly with SF which would bear fruit.

"Who would have thought such different parties as the Christian Democrats, the Central Democrats, the Liberals and the Conservatives would have been able to stick together as long as has in fact occurred? The durability of an S-SF coalition remains to be seen," states Ritt Bjerregaard.

The Socialist People's Party's group leader, Ebbe Strange, does not believe that VS will die from the split.

"What takes the greatest toll on a party is not a break itself, but the fight which occurs prior to the break. Some have defected now, who have held views for a long time which were more SF than VS, and others have returned who want VS to stand up again. I think VS can do that; particularly if the election does not occur before 1987, they then will have enough time," states Ebba Strange.

Preben Moller Hansen's Common Course Club is not given very great chances by Ebba Strange, particularly not if the shattered expectations survive VS.

"VS voters are people with a more intellectual background than those to whom Preben Moller Hansen appeals. I do not believe that his style appeals to the Danish left wing," states Ebba Strange.

SF Will Fill Gap Somewhat

SF's group leader also will not agree that a binding S-SF coalition necessarily would shove SF so far to the right that a gaping hole would result on the left. "What is interesting in the recent couple of years' debate within SF concerning cooperation with the Social Democrats is that we have made such an open and realistic presentation that support has come from the left flank for SF and not for the other parties. Thus, the issue is whether, in a coalition with S, we can maintain the dialogue with the labor movement and the other populist movements. If we can, we would ensure that the other parties also could not maneuver into a good position during the interim. But we need to perform well if we are to succeed."

"This requires, among other things, that we must be good at making proposals which do not involve just the economy. Local democracy, self-determination and cultural influence are issues about which people are very, and maybe even more, concerned. If we are able to fulfill this need, we will be able to fill the hole on the left," states Ebba Strange.

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POLITICAL

DENMARK

INCREASED MANIFESTATIONS OF CONSERVATISM AMONG YOUTH

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jul 86 pp 10-11

[Op Ed Article by Palle Svensson and Lise Togeby]

[Text] One cannot rule out the possibility that the chairman and deputy chairman of the Conservative Youth Organization will be right in their claim that it will only be a question of a few generations of left-wing oriented young people. It is possible that the nonsocialist-oriented 15-17 year-old young people will not go through the left-wing orientation which has characterized the generation before them.

It is widely held that young people of today are considerably more right-wing oriented than the previous generation of young people. Some people even talk about a nonsocialist youth rebellion which rejects the attitudes held by the 68-generation of left-wing oriented young people.

There are many arguments in support of the claim that there has been such a change in the attitudes of young people. One argument is the way young people dress. Everybody can see with his own eyes that jeans and Icelandic sweaters have been replaced by brand-name clothes from Lacoste and Benetton. Another argument is the growth of recent years in the membership of the Conservative Youth Organization, which nearly tripled from 1979 to 1983. Finally, the results of a poll taken among young people in 1984 at the request of the Conservative Youth Organization to examine the attitudes of young people have been used as a third argument.

The said poll among young people showed, among other things, that there are major differences in attitudes among the older and younger age groups of young people. The older age groups are more left-wing oriented than the younger age groups. By way of example, the older age groups are more sympathetic toward grassroots activities and are less sympathetic toward the EC, while, conversely, the greatest sympathy for the Conservative Youth Organization is found among the youngest age group. In a commentary on the poll, Robert Spliid and Jesper Fabricius, national chairman and deputy national chairman, respectively, of the Conservative Youth Organization, conclude that the poll shows that there have been major shifts in the attitudes of young people during the past decade. "The student rebellion echo-generation still has a certain amount of sympathy for the left wing, while the new generation of young people leargely has conservative views." (Robert Spliid and Jesper Fabricius: "Is It Possible to Build on Cobblestones;" Conservative Youth Organization Publishers.)

This description of young people and their development, however, is wrong. The parties of the Left wing have never received as great a support among young people as they received in the last elections to the Folketing in January of 1984. Here, more than one third of the voters under 25 years of age voted for the parties to the left of the Social Democratic Party. By way of comparison, only 17 percent of the young people voted for the Left wing in 1971. Young people today also vote more to the left than the 68-generation does today. The young people of the eighties thus seem more left-wing oriented than the young people of the seventies.

Why then the idea of increased conservatism among young people? First, there is hardly any doubt that conservative young people have become more active of recent years. They have become more confident, and they assert themselves to a greater extent both within the institutes of education and in the public debate. At the same time, nonsocialist young people rally round the Conservative Party where, previously, they supported several parties. That is why nonsocialist young people seem to constitute a larger group than previously, but their number is not necessarily larger.

Equally important, however, is the fact that it is a fallacy to interpret age determined differences among young people as an indication that one generation of young people differs from the other. It is presumably more correct to interpret such differences as an indication that a shift to the left is taking place among many young people from the age of 16 to 25. Most young people between the ages of 15 and 17 have today rather conservative or nonsocialist attitudes, but that was also the case for 15 to 17-year-old young people 5 years ago, and the same thing applied in 1968. On the other hand, it has long been the case that young people became more left-wing oriented with age. It is the 25-year-old young people who are left-wing oriented, not the 16-year-old young people.

A comparison between the said poll among young people in 1984 and another poll of young people which was carried through in 1979 will show that this is the case. The interesting thing is that the 1979 poll showed exactly the same differences between the age groups as the poll in 1984. In 1979, 16-year-old young people were also considerably more conservative than 25-year-old young people. And it is these very nonsocialist young people who 5 years later, in 1984, are referred to as the "echo-generation" of the student rebellion. The fallacy thus is that differences between age groups are interpreted as differences between generations, whereas it is actually the individual person who changes his attitude in the course of his years of youth.

There are many indications that the decisive formation of political attitudes takes place in the years of youth. In the course of these years, young people extricate themselves from the environment of their parents when starting their own adult lives. They experience the educational system, they get in contact with the trades and industries, they get a new circle of friends, they marry and have a family, and they meet with the public authorities as independent and responsible individuals. It is in the course of the years of youth that

the economic and social conditions for their adult lives are formed, and it is therefore also in the years of youth that the basis for political attitudes and conduct is formed.

This has presumably always been the case, but it has probably become more clear of recent years. This is especially due to the very strong social changes which have marked the society during the period since World War II. These social changes have brought about big differences among the generations, as far as education and employment are concerned. There is especially reason to point out that, on account of the longer years of education, the period of youth has become extended and has thus become more significant. In the political sense, the decisive years of youth are hardly the years from 15 to 18 but rather the years from 18 to 25.

Studies of the party choices of the electorate have shown that young people are more flexible than other age groups. Young people change parties more frequently, and they are more inclined to be influenced by election trends. There is no reason to assume that this flexibility only applies to party selection. It is to be expected that young people to a larger extent than older people will adopt the current attitudes and behavior patterns. It is, moreover, to be expected that they will replace the political viewpoints passed on from their parents by viewpoints which fit their own situation in the society, their education, work and place of residence better. Finally, it is to be expected that, in the course of the years, there will be a certain amount of stabilization of the attitudes adopted during the years of youth. Most people become conservative as they grow older in the sense that "one does not forget one's earliest lessons."

If one accepts the theory that it is in one's years of youth that one's political attitudes are formed, the next question will be why there is a shift toward to Left throughout the years of youth among many young people. The explanation of this phenomenon is to be found in the change of the society which has taken place in the post-World-War-II years and especially in the course of the last 25 years. During this period, there has been a sharp decline in the rate of employment within the agricultural sector, at the same time as there has been an increase in the rate of employment within the tertiary industries, especially within the educational, social and health sectors. In other words, there has been a sharp increase in the groups which may be referred to as the new intermediate strata. In this context, there has been an enormous increase in the employment rate of women, so that nearly all young women today are employed.

It now appears that it is primarily young people with secondary school diplomas, young people who are employed within the tertiary industries and young people who become educated within the educational, social and health sectors who become more left-wing oriented. This applies, to a marked extent, to young women. There thus seems to be a correlation between the changes in the employment structure and the changes in the formation of political attitudes.

The last few years have seen a considerable political mobilization of the new intermediate strata. Young people who become educated for and find employment within this expanding sector have become interested in politics and politically active. They have a high rate of participation in elections and they are

relatively active within the political parties, and they do a lot of work within their trade unions. However, the most important thing is that the new intermediate strata participate a great deal in grassroots activities. They participate in demonstrations, public meetings, festivals and in actual actions. If one were to emphasize a single factor determining the political attitudes of the new intermediate strata it would be their participation in grassroots movements. It is in the cooperation created through this participation that the attitudes of the left-wing oriented are formed and their affiliation to the left-wing parties develops.

Not all young people are actual or potential members of the new intermediate strata, nor do all young people participate in grassroots activities. Nor is it therefore all young people who become left-wing oriented in the course of their years of youth. But it applies to all of them that it is their education and employment which are the most decisive factors in the formation of their political attitudes and their choice of political party. The new intermediate strata vote primarily for the left-wing parties, and young laborers vote, to a large extent, for the Social Democratic Party, whereas salaried employees within the private sector and the self-employed primarily vote for the nonsocialist parties.

One may, finally, ask the question whether this development will continue. Will young people, with each election, become increasingly left-wing oriented? Will the current relative strengths within Danish politics gradually become fundamentally changed? The answer to these questions will depend on the developments that will take place within the society in the coming years. If the increase in the number of young people who are undergoing an education of longer duration ceases, if a larger number of well-educated young people are given educations aimed at the private sector, and if the trend for an increasing number of young people to become employed within the new tertiary industries slows down or ceases, this will presumably have an effect on the formation of political attitudes and party choices among young people.

Similarly, if less young people participate in grassroots activities, and if more young people return to political youth organizations and party organizations, this will presumably also affect the formation of political attitudes and party choices among young people.

Therefore, one cannot entirely rule out the possibility that the chairman and deputy chairman of the Conservative Youth Organization may be right in their contention that there will be only a few generations of left-wing oriented young people. It is possible that the present nonsocialist-oriented young people between the ages of 15 and 17 will not undergo the left-wing orientation which marked the generations of young people before them. So far, however, there have been no signs of any such change.

Text Under Photos

Palle Svensson and Lise Tøgeby both work as lecturers at the Institute of Political Science at Århus. They have together written a recently published book on the political attitudes and behavior of young people. This article was based on their book.

POLITICAL

FEDERAL REPUBLIC OF GERMANY

GOVERNMENT ISSUES REPORT ON EXTREMISM, TERRORISM IN 1985

Increase in Terrorism Noted

Bonn DAS PARLAMENT in German 28 Jun 86 p 9

[Unattributed article: "Zimmermann Presented Report on Protection of the Constitution 1985"/Number of Terrorist Acts by Left Extremists Has Risen/For the First Time, Chapter on Protection of Secrets]

[Text] On June 10, Minister of the Interior Dr Friedrich Zimmermann, before the press in Bonn, presented to the public the report on the protection of the constitution 1985. Publication of such a report is a part of the duties of the Federal Government to inform the public on extremist endeavors. In the 1970's, this duty was confirmed by the Federal Constitutional Court. The establishment of the Protection of the Constitution German intelligence service against subversive activities, among other things, is mentioned in Articles 73 and 87 of the Basic Law. The report on the year 1985 proves that political extremists have used increased terror and force in the past year to attain their subversive goals. Compared to 1984, the number of terrorist acts by left extremists rose from 1,269 to 1,604. The number of terrorist acts perpetrated by right extremists has dropped from 83 (1984) to 69 (1985). The report on the protection of the constitution also shows that the activities of terrorists and hostile secret services against the FRG have continued unchanged. For the first time, the report also carries a separate section on "Protection of Secrets." According to Zimmermann, it is of great importance as preventive counter-espionage. Over-all, the Minister of the Interior assessed the report on protection of the constitution 1985 as proof that our state "successfully passed the challenge of extremism and terrorism, and increasing politically motivated violence." Among other things, the minister stated before the press the following details:

Left Extremism

In 1985, also, the activities of left extremists aimed at preparing the ground for a gradual dismantling and final abolition of our free, democratic basic order. The number of acts of violence, motivated by left extremism, rose from 1,269 in 1984 to 1,604 in the year under review. The number of terrorist attacks contained therein rose from 148 to 221 compared to the previous year. The proportion of particularly serious

cases was again strikingly high. Total damage caused by terrorist attacks is estimated at more than DM 35 million.

The number of members, and the structure of organized left extremism, hardly changed in 1985. After deducting multiple memberships, membership of left extremist organizations remained almost the same with 61,300 members (61,200 in the previous year). Membership in organizations influenced by leftist extremism, also excluding multiple memberships, decreased slightly with 51,500, vs. 55,300 in the previous year. Circulation of periodical publications of left extremist core and subsidiary organizations remained almost the same with individual copies of 4,867,925 (1984: 4,905,700), and a total annual circulation of 35,025,600 (1984: 35,098,800). Dominant subjects and fields of action of the left extremists were again protests against NATO and against strategic projects in the Western defense alliance, as well as the so-called "anti-Fascist struggle" and solidarity with "revolutionary movements" in the Third World. Other campaigns were directed against measures for the protection of internal security and against economic and social policy.

Left extremist parties want to overcome continuing failures in elections through election alliances. This willingness has grown further among the alliance partners of the left extremists. In elections to student parliaments, left extremist and left extremist-oriented groups captured 29.5 percent of the seats, a 1.3 percent increase over the previous year.

With its numerous subsidiary organizations and a far-reaching network of associations under its influence, the "German Communist Party" (DKP) and its equivalent in West Berlin, the "Socialist Unity Party of West Berlin" (SEW), remain organizationally the strongest and most active force in the left extremist spectrum. Membership in the DKP and SEW and its subsidiary organizations--after deducting multiple memberships--remained unchanged from the previous year with 54,375. The corresponding figure in organizations influenced by the DKP and SEW dropped slightly from 53,250 in the previous year to 49,875. In 1985, also, DKP and SEW subordinated themselves without reservations to the ideological and political dicta of the "Communist Party of the Soviet Union" (CPSU) and the "Socialist Unity Party" (SED). As part of the "Communist world movement," they are supported by foreign "fraternal parties" and directed and largely financed by the SED.

The Moscow-oriented communists see in the "alliance policy," i.e., cooperation with non-communist forces, the decisive means to broaden the political base for implementation of political demands of the day. In the intent of the communists, these demands must be appropriate to bring them closer to the final goal of a communist state and social order. It can also be demands which, in themselves, are not subversive. Orthodox communists were successful with their "policy of alliance" in 1985, also. They could rightfully claim that in recent years, they succeeded to a considerable extent in breaking out of political isolation and that willingness "to go into action jointly with them" had grown. As experience has shown, cooperation with communists promotes their initial

revolutionary stages, but weakens one's own political position. At universities and in individual campaigns, DKP and SEW with their subsidiary organizations and those under their influence reached far beyond their circle of adherents because of the alliance policy fostered by them.

The groups of the "New Left," i.e., left extremists who must not be ascribed to Moscow-oriented communism, remained splintered ideologically and organizationally. In 1985, also, they participated in planning, strategy discussions and actions of the so-called "peace movement." Other subjects were, for instance, "anti-Fascism work" and resistance against new technologies with the slogans of "supervisory state" and "computerization." Most groups of the "New Left" favor political violence; many, especially politically "autonomous" ones, also apply it--the transitions to terrorist action forms continue to be in flux.

Terrorism

The crimes of terrorists increased again in 1985. The "Red Army Faction" committed two murders: on 1 February 1985, MTU-chairman Dr Ernst Zimmermann, on 7/8 August 1985, US Army soldier Eduard F. Pimental were assassinated. The bomb attack on the US Rhein-Main Air Force Base of 8 August 1985 was also meant to kill people. Two persons died, many were injured, some of them severely. In two cases, the perpetrators died while transporting homemade explosive devices.

About one-fifth of all attacks were directed at military installations of the German army and NATO alliance partners, as well as enterprises that also manufacture armament products. Buildings of the police, justice administrations and other authorities were secondary targets. Industrial enterprises, department stores and financial institutes were also targeted for attacks.

The "command sector"--i.e., the gang members gone underground--of the "Red Army Faction" with about 20 persons has again the personnel strength of the mid-1970's. As before, the "Red Army Faction" managed to balance the numerous arrests in the past with new gang members from surrounding sectors.

After there had been a decline in terrorist activities by the "Revolutionary Cells" and their autonomous women's group, "Red Zora," in 1983 and 1984, the number of arson and explosive attacks during the year under review was again clearly on the increase (a total of 18).

In addition to the "Red Army Faction" and the "Revolutionary Cells," numerous other groups--primarily of the left extremist autonomous scene--but also individual perpetrators are responsible for a large share of the arson and explosive attacks. They often follow the concept of the "Revolutionary Cells" in selecting the targets for attack as well as in planning and implementation of the attacks.

Right Extremism

German right extremists--some openly, some covertly--strive for totalitarian or at least authoritarian government forms and reject parliamentary representative democracy. Their mainsprings are a nationalism which limits human rights of freedom excessively and is directed against the idea of international understanding, as well as racism, which often includes a militant hostility against Jews and foreigners. The Neo-National Socialists (neo-Nazis) among the right extremists want to reestablish an NS state. They deny NS crimes and German guilt for the outbreak of the Second World War.

In 1985, right extremists committed 69 acts of violence, five of them terrorist attacks. This means a decrease compared to the previous year, when there were 83 violent acts, 11 of them of a terrorist nature. The number of threats of violence also dropped in the year under review, namely from 159 in the previous year to 127. Nevertheless, the willingness to commit violence persists particularly in neo-Nazi circles, which is also demonstrated, for instance, by numerous finds of firearms, ammunition and explosives.

While the number of right extremist organizations shrank from 99 in the previous year to 78, the total membership of right extremist organizations remained constant at 22,100. Membership of the "National Democratic Party of Germany" (NPD) with about 6,100 members remained as steady as that of the "German People's Union" (DVU) with over 12,000. Nationalist-neutralist efforts, which had primarily been fostered since the beginning of the 1980's by the NPD and meanwhile have been adopted by almost all of the right extremists with the exception of the DVU, often go hand in hand with militant anti-Americanism which already in the past has led to serious attacks on U.S. soldiers stationed here.

The number of known neo-Nazis during the year under review rose from 1,350 to 1,420. The "Social Revolutionaries" or "National Revolutionaries," who are increasingly gaining a voice within German right extremism, are Neo-National Socialists. They base themselves on the left, so-called Strasser wing of the NSDAP in the Weimar Republic and reject Hitler as the leading figure of national socialism. Frequently, this wing sees its political position in the proximity of left extremists and so-called "anti-Imperialists."

The militant-acting neo-Nazi circles maintain intensive contacts with like-minded foreign adherents, whereby organizational or propagandist plans and conspiratorial arms procurement frequently play a role. The attempts, especially by neo-Nazis, to indoctrinate violent Skinheads, have failed almost everywhere. Nevertheless, they are a potential for violence which they like to use against political enemies.

The total number of right extremist "publications" remained unchanged at 87. Their actual total circulation increased in the reporting year by 81,600 to 8,538,600.

Foreign Extremists

As in previous years, foreign extremists agitated primarily against the political, economic and social conditions in their homelands. Compared to the previous year, previously noted agitation against conditions in the FRG and foreign policy decisions of the Federal Government was increased by some groups of foreign extremists. As in previous years, foreign extremist groups on German soil impair security and important internal and foreign policy concerns of the FRG. Palestinian, Turkish, Kurdish, Iranian and Yugoslav extremist groups were the most noticeable. Furthermore, there were indications during the reporting year that terrorist operations were directed by foreign government authorities, who are persecuting their opponents abroad.

The membership of organizations of extremist foreigners remained nearly the same with about 116,300 (1984: 116,000). During 1985, 81,550 of these belonged to left extremist organizations, 3,000 to right extremist groups, 20,300 to Islamic-extremist associations, and 11,450 to nationalist extremist groups.

Palestinian groups continued activities endangering security. Over-all, however, activities by branches of Palestinian resistance organizations in the FRG remained few. In other European countries the number of attacks and attack preparations by Palestinian commandos increased considerably.

The decline of Yugoslav exile organizations continued. Efforts to overcome the splintering of Croatian emigrants through mergers, failed. As in the previous year, no political assassination attempt on exiled Yugoslavs in the FRG took place.

The number of attempted or implemented acts of terror or other serious acts of violence grew from 9 to 15 compared to the previous year. On the other hand, the total number of acts of violence, including lesser acts of violence such as damage to property and unlawful entry, clearly declined from 108 in 1984 to 76 in the year under review.

GDR Seen Financing DKP

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 11 Jun 86 p 2

[Article by Guenter Bannas: "The Flow of Money Comes from East Berlin"/ "Special Relations" Between DKP and SED]

[Text] "To point to new hopes and possibilities means these days above all to see the significance and effect of 27th Party Congress of the Communist Party of the Soviet Union. We have welcomed and appreciated this party congress as a party congress of extraordinary, even historic, significance." Herbert Mies, chairman of the German Communist Party, won't have anything said against his friends and bosses in the East, neither in public nor in the executive committee of the DKP. But the West German

communists are particularly close to the Socialist Unity Party in East Berlin. The SED pays and determines the course, and the report on the protection of the constitution, presented on Tuesday, shows how this functions.

"The regulations of authority in the Central Committee of the SED are already an expression of the special relations between SED and DKP." There exists a department called "international relations," but it is only responsible for relations with other, non-German "fraternal parties." Responsible for the DKP is the "department for international policy and economy"--until 1984 known as the "West department"--headed by Gunter Rettner since November of last year. He can rely on his SED bezirk leaderships. Each one of these bezirk administrations is in charge of one of the "sponsorship bezirks" of the DKP: Rostock "takes care" of Hamburg, Frankfurt/Oder and Erfurt look after Hesse, Leipzig and Halle tend "Ruhr Westphalia," Karl-Marx-Stadt sponsors "Rhineland-Westphalia," and Dresden looks after Baden-Wuerttemberg.

Of greater importance probably are the contacts between East Berlin and Duesseldorf, where Herbert Mies has his office. "The direction of the DKP and its considerable material support by the SED are largely carried out by conspiracy," the report states. Details on how this conspiratorial cooperation functions are not mentioned, possibly in order to protect "sources," which in turn seems to indicate that Herbert Mies cannot trust all his comrades in the party's executive committee. It is mentioned, however, that the two party leaderships--of which at least one deserves this title only to a limited extent--annually decide on a "general plan," which is then concretized through "individual plans" of the bezirk organizations. There are talks between functionaries of both parties on various levels, there are reports from the DKP to the SED leadership, and they also keep DKP documents--more precisely, cadre documents. That ensures SED control over its "fraternal party."

The DKP leadership does not seem to have an easy time in its work, since the report on the protection of the constitution registers "signs of resignation at the party grassroots." Despite solid organization, the number of DKP members has been stagnating for years at 40,000, and in 1985, also, there have been "no indications" of membership growth. New memberships just about balance withdrawals. New members, however, have to be trained according to party doctrine. The report states that annually about 300 DKP members attend "training courses in the GDR and USSR, lasting a month, 3 months, or a year," and in East Berlin the "SED Party School Franz Mehring" (a fellow traveler of Rosa Luxemburg's) is at the disposal of the DKP, as well as the academy of the "Free German Youth," named after Wilhelm Pieck, which offers study places to the DKP. Higher leadership cadres, of course, are trained directly in Moscow at the "Institute for Social Sciences" of the Central Committee of the CPSU.

Many a financial source of the DKP also points to East Berlin. The DKP listed its expenses at DM 17.4 million, about DM 8 million from contributions. "Actual total expenditures were probably considerably

higher," states the report on the protection of the constitution, since expenses for the "several hundred full-time DKP functionaries and aides" alone probably was several times more than the DM 6.9 million officially listed by the DKP. Some of the DKP functionaries were carried on the salary lists of trade enterprises close to the DKP, "without actually working there." Several pieces of real estate of the German Communist Party, their party headquarters among them, are registered under such firms. The report on the protection of the constitution states that millions had been required to cover expenditures in kind of the "costly party apparatus," which was even enlarged last year by a representation in Bonn. At the opening reception, the leadership people were there: Soviet ambassador Semyonov, the permanent representative of the GDR in Bonn, Moldt, and Herbert Mies, of course. "For these expenditures of the DKP, over DM 65 million were probably conspiratorially brought into the FRG from the GDR in 1985," and there were additional "monetary services" by the GDR, such as the "gratis use" of training institutions.

9917

CSO: 3620/762

POLITICAL

FEDERAL REPUBLIC OF GERMANY

CDU STEADILY LOSING WOMEN VOTERS TO SPD

Hamburg DER SPIEGEL in German 12 May 86 pp 122-126

[Unattributed article: "Great Ammunition"; first paragraph is DER SPIEGEL introduction]

[Text] The CDU is losing its once most guaranteed potential among the voters: women.

In CDU party headquarters the New Man is circulating. Wulf Schoenbohm, head of the platform and planning department of Konrad Adenauer's party in Bonn, confesses: "I have become just as allergic to lord-of-the-castle behavior as I once was to exaggerated libber's rhetoric."

The sympathy for women that the CDU planners have demonstrated for almost 2 years to an astonished public has nothing to do with feelings but rather everything to do with calculation. The cliché that women present a guaranteed voter potential for the conservatives is no longer valid. Since 1972 the results of federal and local elections show that women, especially the younger ones, are fleeing the CDU.

The majority of the voters--in 1983, 53.8 percent were women--has for the first time become a decisive and, at the same time, incalculable quantity.

CDU election strategists recognize that as a "not altogether harmless trend" (Schoenbohm), which must be countered with women's party conventions, women's guidelines, and women ministers. It has even dawned on SPD managers--less deft--that this is where their opportunity may lie. It is not a higher insight but rather a deeper consideration of the true power relationships within the electorate which has made the managers of all parties rethink their views.

The history of women's voting behavior since the Weimar Republic shows how dramatic the change is. In 1919 when German women were first permitted to exercise their right to vote, they certainly did not use that opportunity to thank those who had fought to make it possible for them to go to the polls: the Social Democrats. The SPD and Independent Social Democrats did not

achieve the absolute majority in the National Assembly, possibly because the female voting majority devoted itself considerably more than the men to the conservative parties, especially to the Catholic center.

The Weimar model of female voter behavior remained a stable quantity in the FRG as well until the beginning of the seventies: Women vote less frequently than men (single exception: 1919) and favor conservative to rightist parties; the SPD comes off badly. This is shown consistently by the documents of the federal bureau of statistics and the statistical authorities of the states, which have regularly kept special statistics according to age and sex since 1953.

The Turning Point Came in 1972.

Joachim Hofmann-Goettig, election researcher and deputy leader of the Saarland delegation in Bonn, shows in a study appearing this week how quickly the CDU lost its apparently secure base (Footnote) (Joachim Hofmann-Goettig, "Emanzipation mit dem Stimmzettel. 70 Jahre Frauenwahlrecht in Deutschland" [Emancipation by the Ballot. 70 Years of Women's Suffrage in Germany], Verlag Neue Gesellschaft, Bonn, 1986, 143 pages).

The SPD Makes Up for Lost Time With the Women

(Vote distribution in Bundestag elections; vote per 100 voters) In 1969 a full 50 percent of voting women voted for the CDU--and only 40 percent of the men. By 1976, however, this magnificent "female margin" (Hofmann-Goettig) melted by 10 percent to 1.6 percentage points. Four years later the Union [CDU] was for the first time more beloved by men than by women: 44.2 percent to 43.8 percent.

The trend in the SPD was exactly the opposite: In 1969 it had a clear male margin among its voters--40.4 percent women against 45.6 percent men. In 1980 not only did more women (43.9 percent) than men (43.1 percent) vote for their comrades but, in comparison with the CDU/CSU, the Socialists were also somewhat more successful with the women.

Through renewed increases of the Union parties [CDU/CSU] in the Bundestag election of 1983, both parties now are about equal in female favor--with one difference: While the SPD makes points predominantly with young women, the Union finds its potential with women over 45 and especially with female voters over 60 years old.

The data on representative voting statistics, classified according to sex and age groups, are, in contrast to public opinion polls, indisputable. The effects are also indisputable. Women behave as follows:

- currently take part in elections in the same proportion as men,
- no longer unequivocally favor a single party,
- vote according to their interests, which are not identical to those of men.

The extreme social changes of recent decades are, although with delays and sharp regional differences between North and South, obvious in the behavior of female voters--more clearly than has previously been supposed.

The three big K's--Kinder, Kueche, Kirche [children, kitchen, church]--have lost their dominating influence. Higher education and training of women, greater participation in professional and leisure life, and the recognition that they are still the disadvantaged, leads women increasingly to make their check mark in favor of the party from which they expect the most likely representation of their interests. "Women," according to Hofmann-Goettig, "have the power to become the decisive factor with their ballots."

This has been clear to CDU election strategists since the Union "took a hard blow in the trunks" (CDU federal whip Peter Radunski) from women in 1980. Flabbergasted and disbelieving, the public experienced a breathtaking transposition maneuver of the CDU housewives electoral union: The women's party convention in Essen in 1985, the "basic principle of the CDU platform for a new partnership between man and woman," the sharp tone of the CDU women's organization, and, as the high point thus far, the appointment of Rita Suessmuth as woman's minister.

The new virtue was calculation. The chairman of the CDU women's organization Helga Wex stated in 1984 in a belligerent paper: "If the CDU loses the majority of women voters, it is no longer capable of governing."

Hans Joachim Veen, head of the Social Sciences Research Institute of the Konrad Adenauer Foundation, reacts more calmly. According to him, a voter contingent for the CDU is assured: The numerically increasing group of senior citizens, in which women constitute an especially strong majority. The CDU continues to correspond more to the value system of the elderly and to their needs for social security and law and order, Veen believes.

Social Democrat and scientist Hofmann-Goettig sees in the statistics an opportunity for the SPD, even sees "a historical restructuring" in favor of the Social Democrats. Not everyone has noticed that yet. In any case however, his analysis is "good ammunition" for the female politicians of the SPD, according to the acting chairman of the SPD parliamentary group Herta Daeubler-Gmelin. These numbers provide an excellent basis for the demand of the female Social Democrats for more power.

In 1987, if the SPD does not fare worse than in 1983, the SPD contingent will enter the 11th Bundestag with at least 15 more women (currently: 22 female members of parliament).

"If the women deliver," says the SPD woman, "the Party must not only commit itself to increasing the proportion of women, but also to initiating a change in election law favorable to women."

Will the women deliver? The entire issue is still open. Hofmann-Goettig notes with astonishment that surprisingly the Greens are not attracting women. The party, which offers its female activists an especially large field of activity, so far has fared worse with women voters in federal, state, and European elections than with men.

12666

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POLITICAL

FINLAND

LATEST DEVELOPMENTS IN WIDENING CP INTERNAL SPLIT

Majority Accused of Inactivity

Helsinki TIEDONANTAJA in Finnish 19 Jun 86 p 7

[Column by Erkki Susi: "Responsibility for SKP's Politics"]

[Text] The organizational-administrative activity of the Aalto Group, which is running the office of SKP [Finnish Communist Party], may give an impression of the over-all activity of the group. Last Friday, the 13th, there was a lot of activity: the majority of the members of SKP were dismissed from the Aalto-dominated organization. Party papers and journals, firms and real estate have been actively destroyed. The latest event was that the printing works Yhteisty [Cooperation] became privately owned.

But when we look more closely, we realize that the Aalto Group does hardly anything in the area of politics. It does not have an initiating role in international affairs, foreign politics or eastern trade, any more than in internal politics. What it does have, is some beautiful statements.

After having given up the basic principle, the group, which advertises its national Finnish nature, has proved itself inefficient in operating as a national force which could analyze the Finnish reality and operate accordingly.

Who has ever heard of the positive activity of the Aalto Group in peace movement, population movement, natural gas movement, other civil movements? Fortunately, there have been honest communists and people's democrats, which the Aalto Group considers its supporters.

The activity of the Aalto Group in the area of politics--and there has been that--has been directed mainly towards violating the main policy of SKP and its earlier collective decisions. A notorious indication of this was the behavior in the latest TUPO [Income Policy] talks, but there are other examples as well.

Seppo Kaariainen, Center Party secretary, called the Aalto Group an "auxiliary party" of SDP [Social Democratic party]. Unfortunately, it was a justified accusation. Operating as an "auxiliary party" is also apparent in the discussions on the major political issues and discussions on cooperation, in that the Aalto Group does not have any independent policy. It keeps on repeating the policies set by the leadership of SDP, and finds various strange reasons a la Kakela [sic] for its behavior.

And, traditionally, SKP has had a central role in this discussion and activity. SKP has been respected and feared as an independent force and as a cooperation partner demanding equality. Nobody respects or fears an "auxiliary party."

The Aalto Group does not know how to nor does it want to bear the responsibility for politics based on SKP's policy. The communists supporting SKP's policy and their leaders have to take full responsibility for it.

Mainly for that purpose, the central committee of SKP's organizations, dozens of its special committees and party-based district bodies have been established all over the country, and tiedonantaja [the informer] has been strengthened.

The strongest asset of the communists conforming to SKP's views is the active, creative, principled, flexible, independent and cooperative policy of SKP, based on the fundamental principles of SKP, able to cooperate and responsive to the interest of the workers.

There is no other comparable asset, not on the job, not when preparing for elections, or otherwise.

We want to practice such politics, that its obvious. But do we know how? We have to know how, better than ever.

Minority Registers As Party

Helsinki HELSINGIN SANOMAT in Finnish 4 Jun 86 p 10

[Article: "Minority Party Registering for Elections"]

[Text] On Thursday, Democratic Alternative, the electoral party established in the spring by a minority of the communist party, submitted its application for entering the party registry to the Ministry of Justice. It is estimated at the Ministry that the registration may take a few days, or the maximum of a couple of weeks.

In order to be registered, the party has to submit to the Ministry of Justice a list of at least 5,000 supporters. Democratic Alternative submitted personal data of approximately 6,000 supporters. The party's Secretary General Seppo Timonen reported that the party had "a total of 27,500" names, collected from organizations and market place rallies, from among which about 6,000 were chosen "by rule of thumb" to be included in the registration application.

Being registered as a party facilitates the organization's operation in elections, and only a registered party is eligible for state subsidies based on the number of its representatives in the Parliament.

After the registration of Democratic Alternative, there will be 12 parties on the list of registered parties. The most recent party to be admitted was Finland's Pensioners' party. If a party does not win any representatives to the Parliament in two successive elections, it will be dismissed from the registry.

The Ministry of Justice has not yet decided what will happen to the Liberal Party in case it does not win any representatives in the next elections. In the last election LP did not win any seats of its own, but at that time it was a member organization of the Center Party.

The other communist organizations listed in the party registry are Finnish Communist Party, SKP, and its electoral organization Finnish People's Democratic League, SKDL. Democratic Alternative is a kind of "minority SKDL." The counterpart of SKP's organization in the minority is the central committee. That is not being registered now.

12956

CSO: 3617/134

POLITICAL

FINLAND

OFFICIAL CRITICIZES DECISION TO STAY OUT OF COUNCIL OF EUROPE

Helsinki HELSINGIN SANOMAT in Finnish 10 Jul 86 p 6

[Article: "Seppo Pietinen on European Council: Staying Outside Perhaps Distorts Finland's Image"]

[Text] According to Seppo Pietinen, chief of the political section in the Foreign Ministry, Finland's decision to remain outside of the Council of Europe can distort Finland's image and give impetus to allegations of Finlandization. On the other hand, becoming a member would also presuppose a broad political consensus in Pietinen's opinion.

"We are not a member, but we have been invited to participate in all the work that takes places within the European Council. The content of cooperation has been satisfactory. At this time there are no plans to join," says Pietinen.

Except for Finland all the European countries outside of the socialist camp belong to the European Council. For example, neutral Switzerland joined it in 1963 already. Yugoslavia is also in the council as an observer. Frequently, amazement has been expressed in Europe at the fact that Finland has remained on the outside.

"Naturally, one could think that this perhaps gives an incorrect picture of us and our position in Europe and arouses allegations of Finlandization. Nevertheless, we have considered that there is no particular need to join," says Pietinen.

According to Pietinen, joining the European Council has not, however, been categorically excluded. It would presuppose a broad initiative from political quarters.

"Joining would mean increased cooperation on the part of parliament. Therefore, it would have to have broad parliamentary support. This has never been tested."

Council Would Present No Foreign Policy Burdens

In Finland joining the European Council has been traditionally opposed on the basis of foreign policy arguments. The European Council was created to unite

and strengthen Europe under the conditions of the Cold War. According to Pietinen, the situation is, however, essentially different now.

"According to my understanding, the European Council no longer promotes such a Cold War image in which opposing views are emphasized. But since cooperation has been satisfactory even in this situation, we have no need to bring up the matter of membership.

"Indeed, the significance of the council in Europe has also declined proportionate to the increase of the significance of the European Community, some of the same countries belong to both organizations. As the European Community's integration increases the Council of Europe will, perhaps, no longer receive as much attention as before.

"On the other hand, the interest of countries not belonging to the European Community in the work of the European Council has remained the same if not increased," says Pietinen.

Club of Democratic Countries

The European Council, which was formed in 1949, has been called a club of countries respecting human rights, a kind of "European conscience".

Military questions were excluded from the work of the organization from the very beginning. Later on, actual political and economic questions have also been transferred to other organs, the European Community, among others, to which several important West European countries belong.

The council's most active areas have been those dealing with cultural, legal, and social questions. The council's positions on human rights have, perhaps, aroused the most attention.

The council's member countries have concluded approximately a hundred agreements in various areas and which the member countries take into account in their legislation. Finland has joined in the European cultural agreement, the agreement concerning the extradition of criminals, the agreement concerning patent applications, and the agreement concerning the protection of animals.

Recently, there has been a debate on the human rights agreement, which Finland has not joined since it would require membership in the council.

10576

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POLITICAL

FRANCE

DETAILS OF FRANCE, NEW ZEALAND GREENPEACE NEGOTIATIONS

Paris L'EXPRESS INTERNATIONALE in French 18 Jul 86 pp 15-17

[Article by Jacques Derogy and Jean-Marie Pontaut: "Shady Deal"]

[Text] A pat of antipodean butter has saved the skins of two DGSE agents. Chirac did a fine job of softening New Zealand's intransigence. Does that mean that the whole episode has been consigned to oblivion?

There are coconut trees there, and a lagoon where the natives fish for mother-of-pearl shell. Even so, Hao is nobody's idea of Club Mediterranean. The atoll is a military post, 900 kilometers west of Tahiti, that handles logistics for the nuclear test center on Mururoa. Eventually there will be 300 men stationed at a 3,600-meter landing strip there, with the capacity to accommodate American space ships in trouble.

Within the next few days, between 21 and 25 July, Maj Alain Mafart and Capt Dominique Prieur will leave their New Zealand prison cells to fly to Hao. Out there, in the heart of the Tuamotu archipelago, Maj Alain Mafart and Capt Dominique Prieur, alias the Turenges, DSGE agents masquerading as husband and wife, will languish for 3 years in silence and solitude.

Hao is the merest speck on the map of the Pacific. But it is unquestionably the last act in the "Greenpeace Affair" that cost an ecologist-photographer his life, a defense minister his job, and the top man in one of the intelligence services his career and, incidentally, brought down the Socialist government.

Less than 3 months after the release of the nine French nationals held hostage in Lebanon, Jacques Chirac chalked up yet another major diplomatic coup. Of course, the New Zealanders' stubbornness is not by any standard in the same league as Shiite terrorism. Even so, it was not what you might call a piece of cake, either. Matignon's strategy, which involved posting private emissaries and secret advisors off to help along negotiations at the summit level has paid off.

When, in the aftermath of 16 March, the new majority took over, the situation seemed to be deadlocked. The Tourengees were sentenced to 10 years in prison for involuntary homicide and destroying a ship.

New Zealand Prime Minister David Lange let it be known that the Turenges would have to serve at least half their sentence. His countrymen were solidly behind him. Negotiations opened by Roland Dumas, then minister for foreign relations, came to grief on the rocks and shoals of British sticklers for the rules in Auckland, and got nowhere.

That led France to stoop to a petty customs war over imports from New Zealand. Shipments of frozen lambs' brains were thawed for microscopic examination, and thereupon promptly declared unfit for human consumption. At the border, bales of compressed wool were undone, and instantly doubled in volume. Northern wool manufacturers, who were the major market for New Zealand wool, had to mobilize whole convoys of trucks to pick up the wool. Spiteful little rear-guard actions like that, though, could never make David Lange cry "uncle!"

French Threaten Veto

Butter is something else again. The French have the absolute upper hand there. Europe imports some 80,000 tons of New Zealand butter a year, and pays a stiff price for it: \$2,000 a ton. That mounts up to an annual tab of about \$160 million (1.1 billion francs). A princely gift indeed, when you remember that Europe dumps some of its enormous surplus (a million tons) in the USSR at \$400 a ton. That exceptional favor was bestowed on Great Britain which, upon joining the Common Market, promptly found room there for all its little Commonwealth "cousins." As a result, Europe butters more than a third of its bread with New Zealand butter. And even the British, some say, would be quite content to let the tab run indefinitely and unrestricted. Provided, of course, that the French go first and denounce the treaty. There you see a prospect calculated to send shock-waves all the way to Wellington, leaving it with no alternative outlets for its farmers staring bankruptcy in the face.

The New Zealand contract, which may be renegotiated every 2 years, expires on 1 August. That crucial deadline would be Matignon's strategic lever. All it would take would be a veto from Paris, and Lange would again be facing the wrath of his farmers. As elections draw nearer, the French threat could well prove fatal to him among his farmer electorate, the essential trump card in New Zealand politics.

Behold a new player onstage, one destined for stardom. The new face is that of Ruud Lubbers, Christian Democrat prime minister of The Netherlands and, at the time, acting president of the European Community.

Early in May, Francois Mitterrand invited him aboard the Concorde to attend the industrial nations' summit meeting in Tokyo, along with Foreign Minister Jean-Bernard Raimond. President Mitterrand

apparently convinced his guest of his determination to continue his butter wars to the bitter end. When Lange went to The Hague at the end of that same month, in the course of a European tour that studiously avoided Paris, Lubbers made it quite clear to him that the Twelve would not be averse to a French veto, hinting that it would be well for him to find some ground for an understanding.

The man who had always stalwartly refused to "sell out" [his term] his backers for a fat firkin of butter would change his mind. His political situation was precarious. With the general elections only a year away, he opted to get the Turenges sprung from prison rather than face a showdown with his farmers, who are the prime movers in the New Zealand economy. He is aware that his constituents, who are fanatically anti-French, would not take kindly to an about-face. He has time, though, to turn that around before the elections.

In other words, the hard part was over. Still ahead of him lay finding an honorable way out for everybody concerned. Lubbers, once again, suggests a third-party settlement of the dispute. The name of former Canadian Prime Minister Pierre Elliot Trudeau, whose country is both French-speaking and a member of the Commonwealth, was bruited about for a time. Chirac's nominee was Javier Perez de Cuellar, who is a personal friend of his. The moral stature of the Secretary General of the United Nations is beyond question. The New Zealanders went along.

For Perez de Cuellar, this was a major issue. As successor to Kurt Waldheim, whom he replaced in 1982, he chalked up defeat after defeat in 4 years. On the Falklands, he failed to prevent a war. In Namibia, in Afghanistan, on Cyprus, his intervention was to no avail. The Franco-New Zealand dustup, albeit less bloody, was his chance to demonstrate, at long last, his skill as a diplomat, only 6 months before his mandate would expire.

The negotiating team began falling into place. At the Matignon: cabinet director Maurice Ulrich, and chef de cabinet Michel Roussin who was right-hand man to Alexandre de Marenches at Sdece. De marenches was, incidentally, the man who on 21 June brought home from Damascus and debriefed the two hostages freed from Lebanon: ANTIENNE 2 reporters Philippe Rochot and Georges Hansen. At the Quai d'Orsay, Jean-Bernard Raymond is in direct contact with Perez de Cuellar. Cabinet director Eric Demarest and his deputy, David Levitte, handle liaison. Meanwhile, up in Geneva, Gilbert Guillaume, who has been in the trenches since September 1985, and Chris Beeby, Wellington's deputy foreign affairs secretary, keep the direct lines of communication busy. The Elysee, through Jean-Louis Bianco, is kept abreast of the developing situation.

The French have pulled out all the stops in their efforts to soothe the New Zealanders, recalling all that the two countries have weathered together. Nothing is overlooked—the battle of the Dardanelles, the march across Tuscany afoot, and the taxis they shared on the way to Tobruk...

After each team had provided a memorandum summing up its position (the New Zealanders, as the "injured party" submitting theirs first, in strict adherence to duelling etiquette), the two sides on 19 June consented publicly, for the first time to abide by Perez de Cuellar's decision, whatever it might be.

Three of the four points at issue were quickly settled. An official letter of apology? France agreed. Chirac would rectify Fabius' missteps in the name of government continuity, not without a visible degree of satisfaction. Financial indemnification? The New Zealanders demanded \$9 million. The French countered with an offer of \$4 million. Perez held out for \$7 million (50 million francs). The trade war? What trade war? France would not oppose granting European visas to New Zealand butter shipments.

That left the Turenge business. David Lange said he had no objections to their leaving New Zealand territory, but balked, on principle, at simply releasing them. What do do now? Turn them over, perhaps, to the French authorities for confinement in some remote, secure place, isolated, and under constant surveillance? A military post would do. France provided Perez de Cuellar with a list of isolated and distant posts. The mediator won Wellington's consent to the atoll of Hao. "Broadway, it's not," David Lange told reporters. "There are no tourists, no bars, no restaurants. Mururoa is not all that far away. Three years will be ample time for them to contemplate the effects of radioactive fallout."

Alain Mafart and Dominique Prieur will be officially assigned to a 3-year tour of duty at the base on that tiny island. They will have no contact with the outside world, except for their immediate families. They will be watched constantly. They are not to make any statements to the press, nor may they allow themselves to be photographed.

Satisfaction Right and Left

Shortly before 0800 hours on 7 July, Jacques Chirac got the news: the deal was on. In the car taking Francois Mitterrand to the airport to catch his plane for Moscow, Chirac gave him the news. On his return to Matignon, he called a press conference, to which he also invited Dominique Prieur's husband, informing him of his wife's new duty post: Hao atoll.

In New Zealand, at the same time, David Lange had his hands full coping with reporters. They were tough. "A sordid deal!" said the NEW ZEALAND HERALD, drawing a somewhat tenuous parallel with the execution of the two young Australians hanged in Malaysia for possession of k80 grams of heroin. An opinion poll revealed that 63 percent of New Zealanders polled disapproved of the way the whole business had been handled, and the same number believed that Lange had gone back on his word.

Alain Mafart heard news of the deal over the radio in his cell. The chief jailer at the prison is going to miss him. Mafart had the best voice in the prison choir. Besides, he was learning Maori.

In France, hearty congratulations were exchanged all around on the happy outcome of the affair: Chirac, of course, and obviously Mitterrand, and Giscard d'Estaing, Rocard, Fabius, Hernu...

Is the case officially closed, then? Transporting the Turenges to an obscure French-owned atoll called Hoa, though, is certainly not likely to shed much light on the mystery surrounding that act of sabotage in Aukland...

Setting them free could lift the self-imposed vow of silence taken by the only people who know who gave them their orders to sink the Rainbow Warrior.

6182

CS0: 3519/2200

POLITICAL

NORWAY

LABOR PARTY PAPER: GOVERNMENT SETS CLEAR ECONOMIC STRATEGY

Oslo ARBEIDERBLADET in Norwegian 3 Jul 86 p 4

[Editorial: "The Government's Strategy"]

[Text] At her press conference yesterday, Prime Minister Gro Harlem Brundtland stated forcibly that the government takes its responsibility seriously and it is prepared to make the necessary decisions to straighten out the country's economy and arrange for new growth later.

The point of departure for the government's work is the programs and promises with which the Labor Party went into the 1985 election. The possibilities, however, are limited by changed conditions. In the first place, the Labor Party does not have a majority in the Storting and cannot succeed with political measures which are not supported by at least one of the nonsocialist parties. In the second place, almost an entire year of the Storting period passed before the Willoch government surrendered to the country's economic problems and turned over government power to the Labor Party. In the third place, economic conditions today are very different than they were before the election last fall. This is again blamed on the sharp decline in oil prices, but it is also the result of the policies of the Willoch government, including stimulating a speculative economy and an irresponsible credit policy, with uncontrolled growth of private consumption as the result. Last year, for example, private consumption grew three times as much as the Willoch government itself had predicted.

The government has established a clear strategy for setting the Norwegian economy on the right track again. One of the assumptions is that a new tax system will be formed which, besides justly distributing the burdens, will also ensure better utilization of the country's total resources. At the same time the government will invest in education, research and development in Norwegian business, matters which the previous government neglected. The result is that Norway is now largely dependent on oil income.

The growth for which the government wants to lay the foundation will be used for high priority items for the common welfare, primarily in health care and the care of children and the elderly. The prime minister emphasized that necessary cutbacks would not hit the economies of the counties and municipalities.

Even though the cutbacks which have just been made must be lived with, it is clear that the package of cutbacks of 3.5 billion is the largest measure of its kind ever undertaken by any Norwegian Government. That shows that the government has both courage and skill. The possibilities of carrying out such a policy depend on--besides getting sufficient support in the Storting--acceptance by the people and the fair distribution of the burdens. For comparison, the Directorate of Taxes says that about 50 billion kroner per year are withheld from taxes in the Norwegian economy. That is not fair distribution. That example shows how necessary it is to have a new and fair tax system. It is a main goal of the government, and the prime minister hopes to have the help of the middle parties in reaching it. It should not be difficult. The obstacles are not great if they are willing to carry out their own policies.

We believe that the strategy presented by the prime minister is what is necessary to ensure new growth and develop welfare and security in Norwegian society. Therefore this government is the one the country needs.

9287

CSO: 3639/139

POLITICAL

PORTUGAL

PSD SAID TO FEAR EARLY ELECTIONS

Lisbon EXPRESSO in Portuguese 5 Jul 86 p 2

[Excerpt] The possibility of early elections looms at present as a particular threat to the PSD and the government, although it is especially feared by the PRD and the CDS (the parties in the greatest danger of losing votes). In fact, while Cavaco Silva is now at the peak of his popularity, none of the polls predict an absolute parliamentary majority for the Social Democrats, even if they were to form a subsequent coalition with the CDS. And if such a coalition were arranged prior to the election (which seems to be categorically opposed to Cavaco Silva's desire), there would still be no certain guarantee that an absolute majority could be achieved. This is true above all because since Constancio won leadership of the PS, the polls point to a clear increase in votes for that party.

Now Cavaco Silva would be placed in a rather delicate position if, after persuading the country of the need for new early legislative elections and with a substantial increase in his electoral "score" (and, seemingly, he is in a position to win a broad new sector of the electorate over to the CDS), he were to fail to change the parliamentary picture. In such a case, it would be very unlikely that the president of the republic would ask him to form a government again, since he would certainly prefer to try an experiment led by the PS. Particularly since the PRD as a whole will be more inclined to work with the socialists than with the Social Democrats (even bearing in mind the personal and political sympathy Gen Ramalho Eanes feels for the prime minister).

It is of interest to Cavaco Silva, therefore, to prolong his stay in government (the experts say that the favorable economic situation will last at least another year), and to work to close the gap between the democratic renewal faction and the socialists (in which connection a good understanding with Herminio and Eanes will be very useful to him).

The vote of confidence served his purpose basically by frightening those who fear early elections most, so that they can be expected to have a better understanding of the future legislative undertakings of the government, in particular the next state budget.

5157

CSO:3542/125

POLITICAL

PORTUGAL

PS LEADER GAINS IN POPULARITY; GOVERNMENT TACTIC APPROVED

Lisbon EXPRESSO in Portuguese 12 Jul 86 pp 1, 24

[Text] Vitor Constancio was the only political leader to show an increase in popularity in the course of last June, according to yet another poll by the EXPRESSO-Euroexpansao Popularity Panel. Thus the new socialist leader, who received his endorsement precisely at the PS congress held during the last days of June, came rather close to the scores of the president of the PSD and Prime Minister Cavaco Silva. The successor to Mario Soares as secretary general of the PS even exceeded the popularity level of the current president of the republic.

Generally speaking, the political agitation last month, which was marked by the rejection of the labor package in the Assembly of the Republic, the vote of confidence and the socialist congress, weakened the public image of all of the other party leaders, as well as the various sovereign bodies.

On the other hand, this new poll by the panel confirmed the June results as to the voting intentions of Portuguese citizens if the legislative elections were held now. The PSD again came close to winning an absolute majority, with more than 40 percent of the votes, and the PS, coming close to 30 percent, was confirmed as the sole alternative for winning power. All of the parties showed substantial voting losses.

This bipolarizing scenario makes the dispute between the highest leaders of the PSD and the PS for first place on the popularity chart, in which they are doing almost equally well, more interesting.

The prime minister, who ranks first, lost 11 points in positive assessments by members of the panel, while continuing to win greater support from the CDS voters than the PSD voters. The PS electorate continues to give Cavaco Silva more positive than negative votes, which is no longer the case for those who voted for the PRD on 6 October. The prime minister's main strong point continues to be the large number of panel members who regard his actions as not only good, but very good--no less than 15 percent.

Vitor Constancio, who has made regular progress since May, now stands only 1 point away from Cavaco Silva, but his position is less solid. Only 5 percent of the positive votes for him fell in the "very good" category, apart from the

fact that almost a third of those polled have still formed no opinion about him. In other words, while Cavaco Silva has a solid vote of 48.2 percent (without excluding the members of the panel who gave no response), Constancio still remains at 33 percent. The PS leader, as was the case with the PSD leader, did not win the highest popularity level among his party's voters, but among the voters for the APU.

This situation reveals that Cavaco Silva on the right side of the political spectrum and Constancio on the left are those best situated to consolidate the bipolar development of the Portuguese electorate.



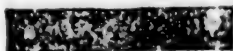
More than two thirds of the Portuguese citizens think that the prime minister did well to call for a vote of confidence, and that winning it increased the government's strength, this same EXPRESSO-Euroexpansao Panel poll indicated.

This undertaking by the executive branch won the approval of 70.2 percent of the members of the panel questioned, and the voters of all political groups except the APU favored it, in the majority. The percentage of those questioned who felt that the government emerged strengthened was slightly lower--68 percent. Once again, however, only the communist voters expressed the opposite opinion, saying, in the majority, that the government emerged from the parliamentary debate weakened.


The number of those who seemed to agree with the belief of the executive branch that the deputies are hindering the government in its work remained above 60 percent. This time, however, the PRD voters joined the APU voters in expressing the view, in the majority, that the Assembly has not been a hindrance. It should be noted, however, that there may be a certain subjectivity with regard to this question, since it is possible that some of those questioned answered in the affirmative, but for reasons other than those mentioned by the government--those who believe that the deputies have obstructed the implementation of its projects by the executive branch, "but that it is good that they did so."

Finally, the majority of the panel members do not believe that the government will last until 1989, that is to say that it will fully complete its term. Only 30 percent of those questioned are optimistic about this. Among those who believe that the government will fall earlier and those who did not give any answer to this question, the majority gave 1987 as the year in which Cavaco Silva's government would end. Very few (5 percent) still believe that it will last until 1988, while a large proportion (43 percent) do not even believe it will survive 1986. In other words, taking the general electorate into account, one out of four believes that Cavaco Silva will fall--or will resign--before this year ends.

Should the prime minister have asked for a
vote of confidence?

Yes 
No 29.8

Did the vote of confidence strengthen the
government?

Yes 
No 32.0

Do you believe the deputies are hindering the
government?

Yes 
No 37.9

Will the government complete its 4-year term?

Yes 
No 69.3
Values in %

5157

CS0:3542/125

POLITICAL

PORTUGAL

NATIONAL ASSEMBLY PRESENTS RESERVATIONS ON INTERNAL SECURITY BILL

Lisbon EXPRESSO in Portuguese 12 Jul 86 p 4

[Text] The Assembly of the Republic will have to work to gain acceptance of the draft internal security law submitted by the government, since the Parliamentary Commission on Constitutional Affairs, Rights, Freedoms and Guarantees has issued an opinion in which it sets forth unanimous reservations about the constitutionality of some of the norms set forth in that legislative document.

Telephone taps, interception of correspondence, citizens' squadrons, special vigilance measures and others by the police comprise the varied range of principles which the parties condemned at the meeting Thursday at which the opinion was issued. The text says, for example, that the "classification of police measures" as set forth in the government's draft law "does not resolve the problem." On the other hand, the detention of citizens for identification was deemed a "risky" proposal, to the extent that "the failure to establish a minimum time requirement for identification may involve a serious risk that detention will be prolonged beyond the maximum term for which the constitution of the republic provides."

As to the authority which the draft law confers upon the minister of internal administration "to authorize control of communications," the parliamentary commission raised certain basic problems. The opinion said that an effort is thus being made to entrust to the government "functions related to criminal procedure, thus placing the principle of independence of the courts in crisis." It said further that "the constitutional norm according to which criminal investigation falls under the jurisdiction of a judge" is thus violated.

The parties also described as "excessive" the government proposal to define the "general and special duties in collaborating on internal security matters, making those who fail to perform a special duty liable to charges of serious violation of discipline, independent of possible criminal responsibility."

With regard to the civil status of the PSP, the commission expressed the view that there should be "careful attention to the jurisprudence in the matter, in accordance with the doctrine set forth in connection with the ILO case, with

limiting the rights of Public Security Police agents being considered to be a problem within the scope of Portuguese domestic legislation."

The opinion was approved at the end of the afternoon day before yesterday, after the government had asked for a meeting with the deputies serving on the commission.

5157

CS0:3542/125

POLITICAL

PORTUGAL

POLITICAL PERSONALITIES', INSTITUTIONS' POPULARITY COMPARED

Lisbon EXPRESSO in Portuguese 12 Jul 86 p 3

[Text] Bipolar Development Confirmed

The PSD has once more proven the outstanding winner in hypothetical legislative elections, again winning an absolute majority. In comparison to this past June, when the preceding poll was taken by the EXPRESSO-Euroexpansao Panel, the party headed by Cavaco Silva even showed a slight advance, from 41.4 to 42.3 percent.

The closest competitor, the Socialist Party, stayed in second place, but showed a slight decline. It now is the choice of 30.8 percent of the voters, as compared to 33 percent in June.

| * Voting Intentions July 1986 * Legislative Votes October 1985 | * | ** | Transfer of Legislative Votes 1985 | | | | |
|---|------|------|------------------------------------|------|------|------|------|
| | | | PSD | PS | PRD | APU | CDS |
| PSD | 42.3 | 20.9 | 89.7 | 12.6 | 21.6 | 12.1 | 56.0 |
| PS | 30.8 | 21.0 | 4.0 | 79.5 | 37.0 | 12.4 | 6.4 |
| PRD | 10.8 | 18.3 | 3.2 | 3.5 | 28.8 | 10.2 | 6.0 |
| APU | 16.2 | 16.0 | 0.0 | 1.7 | 4.8 | 63.4 | 3.9 |
| CDS | 4.5 | 9.9 | 3.1 | 2.1 | 3.3 | 0.0 | 24.8 |
| Other-Null-Void | 1.8 | 5.9 | 0.0 | 0.8 | 4.5 | 1.9 | 2.8 |
| Abstentions | 22.4 | 20.3 | 14.3 | 15.6 | 20.3 | 10.5 | 3.2 |

(The columns showing the transfers of votes reveal how the electorate of each party was distributed in this poll. Vertical percentages are involved.)

This new poll taken by the panel confirmed the trend toward bipolarization of the party picture, with the focus on the PS and the PSD. In fact, the other three parties would win only about 10 percent of the votes (in the case of the PRD and the APU), or even only 4.5 percent (for the CDS). Relative to last

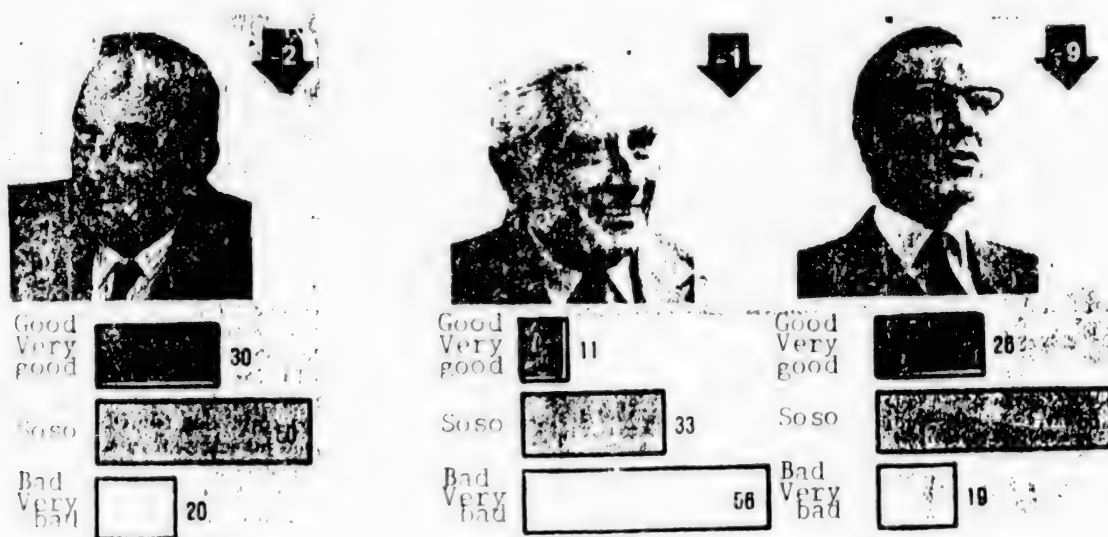
June, the APU showed a slight gain (it then had 8.5 percent), and centrists continued to lose ground (5.3 percent at the earlier date).

Analyzing the transfers of votes as compared to the last elections, it can be seen in particular that the PSD controls more of the votes of centrist electors than the party of Adriano Moreira at present (56 percent, as compared to only 24.8 percent), and that the same is the case for the PS compared to the PRD (37 percent of the renewal voters would vote socialist, as compared to 28.8 percent who would reserve their electoral option).

Adriano Moreira Surpasses Eanes

Ramalho Eanes was the opposition party leader who showed the greatest decline in popularity this past June, having even been surpassed by Adriano Moreira, president of the CDS.

Moreover, the popularity of the opposition party leaders, with the exception of the PS, dropped again after having already declined during the month of May. Adriano Moreira lost 2 points in positive assessments and had an increase in the number of panel members regarding his actions negatively from 17 to 10 percent. Alvaro Cunhal experienced another decline, of only 1 point in this case, in positive opinions, but an additional 6 percent of those interviewed regarded his actions as "bad" or "very bad." It was Ramalho Eanes who suffered the most, with a drop from 35 to 26 percent in positive assessments. However, the negative level remained stable at 19 percent.



Negative Views of Assembly

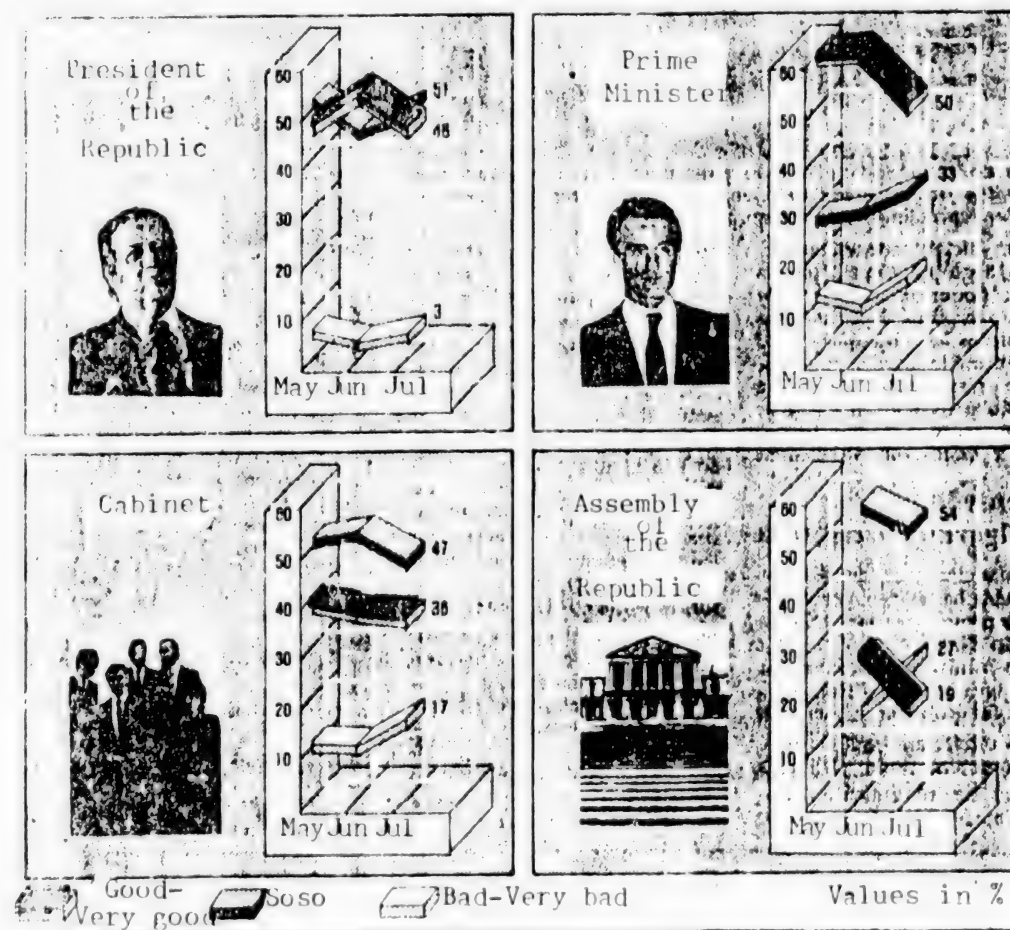
All of the sovereign bodies suffered a definite decline in the course of the last month. The Assembly of the Republic suffered the most of any of the institutions, receiving a larger number of negative assessments than positive, for the first time. The prime minister also saw his popularity level drop. While it is true that he continues to head the list, and is the only one to

have a majority of positive responses, the truth is that he was down no fewer than 11 points.

Curiously, it is the cabinet which has maintained a practically stable level. It had 37 percent positive assessments in June, with 36 percent now. Thus the gap between the opinions of this team and the assessments of Cavaco Silva has narrowed.

President of the Republic Mario Soares did not escape the general decline either. Only 46 percent of those questioned expressed a positive view of his actions, as compared to 50 percent in June. The number of those criticizing his actions also increased, from 1 to 3 percent, such that the results for Soares in July were exactly the same as those reported last May.

But as we have already said, it was the Assembly which scored the worst in the political tests last month. Almost a quarter of those who regarded its actions as "good" or "very good" in June--24 percent at that time--have now changed their view, since only 19 percent continue to have a positive opinion of the deputies' actions.



On the other hand, the number of those who deemed their actions "bad" or "very bad" increased from 17 to 27 percent.

Curiously, it was those who voted for one of the opposition parties, the CDS, in October, who were most critical of the Assembly, while it was the APU voters who expressed a more positive view of the actions of the parliamentarians. The parliament enjoys a worse image in Oporto than in Lisbon, in the North than in the South, and in the interior than on the coast.

5157

CSO:3542/125

SOCIAL

FEDERAL REPUBLIC OF GERMANY

GOVERNMENT REPORT PREDICTS CONTINUED DECLINE IN BIRTH RATE

Munich SUEDEDEUTSCHE ZEITUNG in German 10-11 May 86

[Unattributed article: "A Nation of Old People in the Future; Interior Minister Zimmermann: FRG Birthrate Lowest in the World"]

[Text] Bonn (DEUTSCHE PRESSE-AGENTUR)--According to statements from Interior Minister Friedrich Zimmermann, the FRG birthrate has been the lowest in the world for almost 16 years. With the submission of a report on population development in Bonn, Zimmermann said that, should this trend continue, according to the most recent calculations the number of FRG citizens will decline from the current 56.6 million to 54.9 million in the year 2000 and to 42.6 million in the year 2030. As a result of the shift in age structure, serious consequences must be anticipated for virtually all areas of government and society.

However, according to Zimmermann's report, over the long term only a limited increase in the birthrate can be achieved through high financial outlays alone because the decline in births is not based merely on an economic disadvantage to families, but also on the attitude toward marriage and the family, consumption and leisure time as well as on other basic conditions such as housing, standard of living, and female employment. In addition to financial assistance for families renewed value must be placed on the status of parenthood. The decision to have children must not mean harsh material decline for parents in comparison to childless couples. Politicians are advised to eliminate the barriers standing in the way of fulfilling the desire to have children.

Even women with children must be enabled to "realize life plans comparable to those of men." Support for families will need to be reinforced and living conditions favorable to families will need to be created. Opportunities for enhanced compatibility of family and profession for women and men would also be included.

According to Zimmermann's report, the highest FRG birthrate was achieved in 1964 with more than a million. So far the lowest rate was recorded in 1978 with 576,000. Last year it was only slightly higher with 584,000. In order to maintain the size of the population over the long term, some 850,000 children would have to be born annually. Thus, there is a current annual

deficit of approximately 265,000 births. Even the approximately 4.4 million foreigners living in the FRG will only slightly alter the decline.

With the continuation of the present trend, the proportion of those under 20 years of age in the total population will sink from 24 to 20 percent by the year 2000. On the other hand, the proportion of those over 60 years of age will climb from 20 to 24 percent by then, and all the way to 38 percent by the year 2030. Great financing problems for old age insurance are foreseen as the most significant consequences of this trend.

12666

CSO: 3620/695

SOCIAL

ITALY

IMMIGRANTS IN SOUTH CONTRAST WITH DEVELOPMENT IN NORTH

Paris LE FIGARO ECONOMIE in French 30 Jun 86 p 77

[Article by Carlo Maurizi: "Is European Italy Shrinking?"]

[Text] In a successful Italian television series several months ago, an actor was playing an Arab, whose mannerisms and accent he mimicked. After a few days, he began to receive complaints from the Arab community of Rome, along with several threatening telephone calls. He continued to play the role, but the calls grew more frequent and more menacing. At that point he declared that he found it absurd to risk his life for such a futile purpose and the character was dropped. The Arab lobby in Italy had won its second battle.

The first was won several months earlier when the mayor of Rome had "enhanced by his presence" a ceremony in honor of the construction of a grand mosque in the capital. This followed a long debate in which an improbable alliance between ecologists and the Holy See had unsuccessfully attempted to stop the project. In planning the mosque, Islam was establishing itself in Christianity's sacred city. [And] in forcing the RAI to modify its programs, Rome's Arab lobby was letting the Italian public know that it would staunchly defend the reputation of its fellow Arabs in the Italian media.

These two anecdotes are just the visible part of a social iceberg. Over the last 15 years, Italy has ceased to be a country of emigration and has become a country of immigration. Paradoxically, it was Sicily that kicked off the trend by employing Tunisians in the fishing boats of Mazzaro del Vallo and in the island's orange groves. Immediately afterwards came Arab and African domestics for the families of the bourgeoisie, Moroccan peddlers, Eritrean maids, Saudi bankers and shipowners, Libyan exiles and the agents that Qadhdhafi sent to trail them, representatives of the various Palestinian organizations, African workers for the small firms of the black market, Lebanese refugees, and Third World students.

According to Raffaele Costa, state secretary in the Ministry of the Interior and author of a bill to address the problem, there are a million illegal aliens in Italy today living on the margins of society alongside 3 million "white" unemployed. There are naturally no statistics on the origins of these immigrants, but it is reasonable to believe that they are nearly exclusively of

African and Asian origin, and strongly Muslim. Like France, Italy could have a serious identity problem by the end of the century. The considerations to which Fernand Braudel returned repeatedly toward the end of his life with regard to France and Europe point in this direction.

One might object that the problem of Italian identity is a nonproblem. More than any other European country, Italy is a mosaic of languages, ethnicities, and traditions that are both mutually tolerated and mutually ignored. Twenty years ago, the Milanese dined at 7:30 pm while Neapolitans dined between 10:00 and 11:00 pm Turin broke off work at noon for a quick lunch, while Rome slept between 3:00 and 5:00 pm. Although the homogeneity of the country has increased more in the past few years than it did in the first hundred years after unification, this is due chiefly to national highways, television, and air transport, and not, as in other countries of Europe or North America, to the hegemony of one region or ethnic group over the others.

In the end, Italy will absorb the Arabs just as other immigrations have been absorbed in the course of the country's history: through patience, philosophy, and skepticism, and by allowing the Arabs margins of identity and cultural autonomy that elsewhere, for example in France, might seem incompatible with the unity of the state or the self-concept of the nation.

Nevertheless, there are times when circumstances do not allow a nation to solve its problems through patience and the philosophy of history. If the real problem of Italy, and of every other industrialized country, is to prepare its society and economy for the demands of a technological revolution requiring rapid adaptations to a highly competitive international environment, Italy is the most vulnerable country in the West since, from the cultural point of view, it lies at the midpoint between North and South.

The Arab and African immigration threatens to accentuate the southern and mediterranean facet of Italy's culture and, at the same time, to aggravate the frustrations of unemployed native Italians. I will not offer a list of possible scenarios, but will restrict myself to the observation that the North-South frontier may move north along the peninsula and reduce European Italy to a few leopard spots located in the most dynamic areas of the Po Valley. The combined effect of three factors--technological revolution, youth unemployment, and illegal immigration--could reopen the fracture between Italy and Mediterranean Italy, a gap that the country tried with some success to bridge during the happiest years of its development after the war.

13221/8918
CSO: 3519/206

SOCIAL

SPAIN

GOVERNMENT, MUSLIMS AGREE ON CITIZENSHIP PROCEDURE

Madrid YA in Spanish 27 Jun 86 p 10

[Text] Madrid--Yesterday, the representatives of the administration and of the Muslims of Melilla and Ceuta signed a joint declaration and expressed optimism regarding the coexistence of the groups residing in Melilla. Noteworthy among the decisions made was the one whereby, within a period of 12 to 18 months, the processing of the requests for the granting of nationality should be completed, based on the timetable proposed by the Ministry of Justice and accepted by the commission members.

The declaration, on which there was complete agreement, according to its signers, cites "the observation that the process of integrating the different ethnic and cultural communities coexisting in the Spanish towns of Ceuta and Melilla must inevitably entail the solution to the problems of alienation presented by the population groups of Islamic origin and culture."

The text makes an appeal to all residents of both towns "to work jointly, in the context of a coexistence stipulated by the laws, in the pursuit of a future of civic peace and economic prosperity that will improve the situation of all the residents of Ceuta and Melilla."

The declaration also refers to the creation of a permanent secretariat within the commission, with representatives of the administration and the Muslim groups, to resolve and deal with "all the problems and needs of a technical nature that may be generated by these talks."

Monthly Distribution of Procedures

Insofar as the granting of nationality is concerned, the document announces a monthly distribution of procedures "proportionate to the number of requests submitted." The declaration also discloses that "there will be arbitration of the methods called for in the legal regulations" which may resolve other matters relating to the control of the different situations involving legalization of the populations of the two Muslim communities of Ceuta and Melilla.

The undersecretary of interior, Rafael Vera, who chaired the meeting, reiterated to reporters the government's backing of the government delegates in both towns, describing their administration as "good."

He announced that the General Reserve company sent to Melilla recently would remain there "so long as the delegate deems it fitting." With regard to the causes of the incidents, Vera remarked: "It seems to us that the policy of previous governments was not correct," stressing that the only possible method for solution is the policy of integration adopted by the present government; and he disclosed that, "although perhaps we have arrived too late," they would continue with the same perspective.

As for the future, Vera expressed confidence that the current "differences" between groups in Melilla would last "a short time" and would have "little intensity."

The government delegate, Andres Moreno, specified that, in the latest incidents, there had been six persons arrested, who were immediately turned over to the courts' disposal, emphasizing that the town "has become pacified during the past 72 hours."

According to Aomar M. Duddu, head of the Muslim group, with the declaration signed yesterday, "hope is reborn," and he explained that he would like "all of us to be called Melillans," proposing, for his part, "a clean slate based on justice and freedom."

The meeting was attended by the undersecretary of interior, the general director of interior policy, the government's delegate in Melilla, and the Muslim leaders, Duddu, Subaire, and Ali.

During the meeting, Abselan Hamedi Hamed sent a document in which he challenged the representative status of Subaire, accusing him of acting as a "viceroy." Subaire described this document as pamphleteering.

The other Ceuta representative, Mohamed Ali, said, "it would appear that Subaire is no longer representing" part of the Muslim community, and admitted that "he has problems."

The head of AP [Popular Alliance], Manuel Fraga, met yesterday afternoon in Madrid with the three members of parliament from that coalition in Melilla elected on 22 June, a deputy and two senators. At that meeting, they analyzed the incidents which have occurred in that town recently.

2909

CSO: 3548/68

SOCIAL

SPAIN

EMPLOYMENT STRUCTURE OF POPULATION ANALYZED

Barcelona LA VANGUARDIA in Spanish 28 Jun 86 p 41

[Article by Julio Alcaide Inchausti: "The Spanish Population Tree"]

[Text] To graphically depict the structure of a country's population as that of a tree on which the trunk is equivalent to the total population, and each of the branches represents the different segments comprising its population, is unquestionably a good method for enabling the reader to readily retain what figures can hardly convey.

In No 26 of "Documents on Spanish Economy," published by the Fies Foundation, we have printed the graphic depiction of the Spanish population tree relating to the second quarter of 1985. Understandably, the information prepared is based essentially on the 1981 census data and the active population survey of the second quarter of 1985, taken by the National Institute of Statistics, plus supplementary reports from the National Institute of Employment.

The first fact that stands out is the different size of the two large branches extending from the trunk. Of the 38.6 million comprising the Spanish population, 25.3 million, equivalent to 65.4 percent, consist of an inactive population, compared with only 13.3 million persons, or 34.6 percent, who are considered active. But of this 13.3 million active persons, only 10.4 million, accounting for 27 percent of the total population, are considered employed, while 2.9 million active persons are going about seeking employment, because they are jobless: a human group equivalent to 7.6 percent of the total population, and 21.9 percent of the active population.

Differences With the OECD

A glance at the Spanish tree shows that its structure is quite different from that of the group of European countries in OECD [Organization for Economic Cooperation and Development]. In Europe, the large branches of active and inactive population are not so unequal as in Spain. There, the inactive population represents only 57 percent of the total population, while the active population amounts to 43 percent (8 percentage points higher than in Spain).

The reason explaining why the large Spanish inactive branch is close to two thirds of the total population appears obvious, when we rise to another section.

In 1985, the aged over 70 years old and the children under 16 years old in Spain amounted to nearly 13 million, equivalent to a third of the Spanish population.; a percentage higher than the European average, although with an obvious tendency toward retrogression because of the decline in the birth rate during recent years. In 1981, the number of children and aged amounted to 14.2 million, equivalent to 37.5 percent of the total population. The number of aged persons increased, but the number of children dropped considerably.

Many Inactive Persons

The second and more explicit cause of the slight activity of the Spanish population lies in the considerable number of persons of working age considered to be inactive: 12.3 million, equivalent to no less than 48 percent of the population between ages 16 and 70, appear out of the job market. A sizable group is made up of students and males in military service; but, ultimately, there are 9.9 million inactive persons left, including 8.2 million women, many of whom would not mind joining the active population if they were offered an opportunity to work in keeping with their calling and personal training. It is the big group of discouraged persons in which must be included some of the 1.7 million males out of the job market, a group which will grow smaller as the employment opportunities increase.

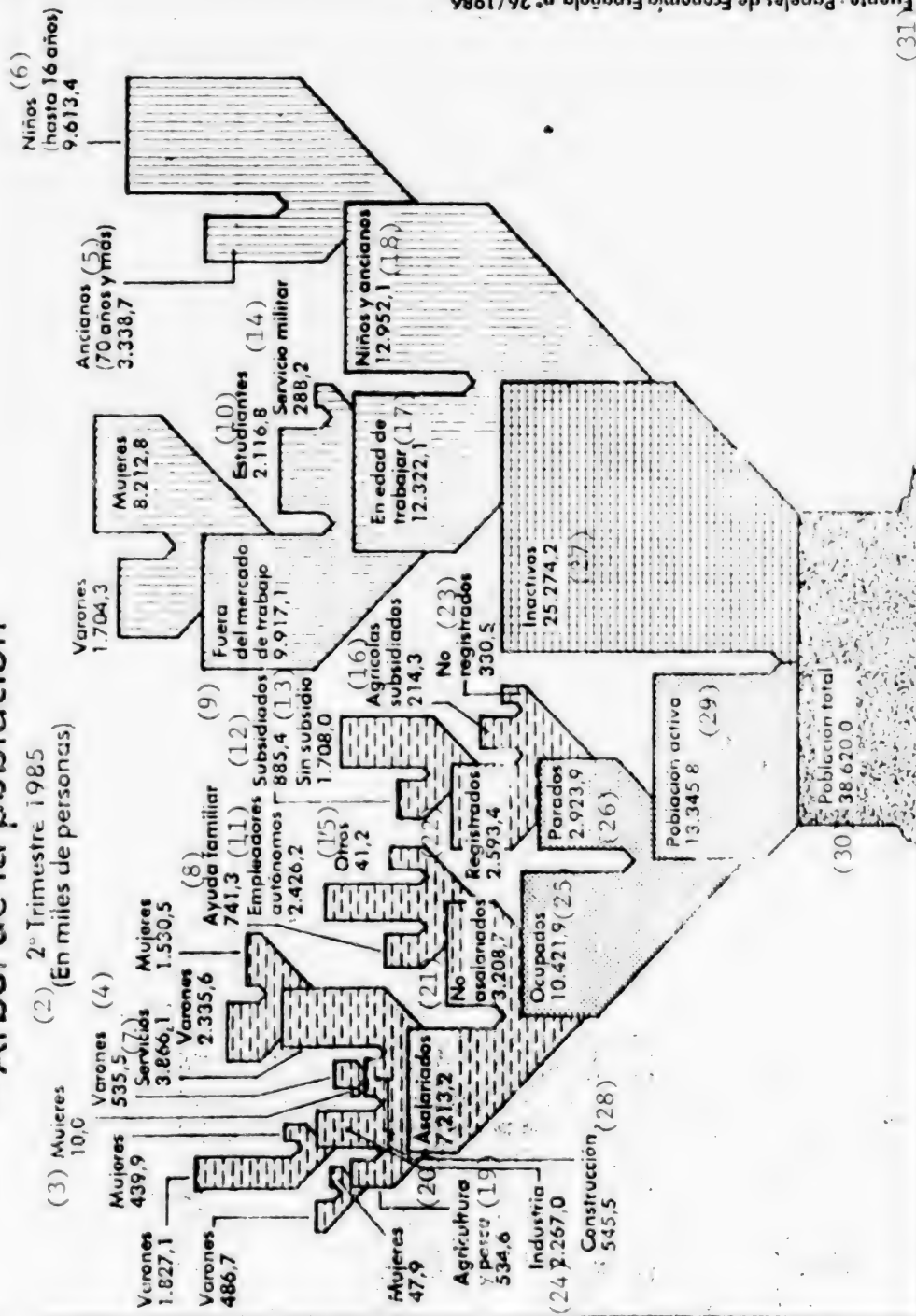
Clear Reflection

In the employed population branch, it is interesting to note the large group of unsalaried population, amounting to 3.2 million persons, over 30 percent of the total employed population. This is due in part to the addition of independent farmers and family aid (1.3 million persons); a figure which, despite its progressive, continued decline, still definitely exceeds the European average. The Spanish salaried population totaled only 7.2 million persons, or 27 percent of the Spanish population of working age.

The Spanish population tree is a clear reflection of the relatively low level of Spanish income in comparison with the developed Common Market countries. If the Spanish employed population were to reach 35 percent of its total population, and the GDP per employed persons remained constant, Spanish income would increase 30 percent; which would rank it above the average Italian income. The low level of employment among the Spanish population is clearly the fundamental cause of our economic backwardness. Explaining it on the basis of our low productivity is a matter not confirmed by the data; although it cannot be precluded that the real level of employment in Spain may exceed what the statistics claim.

(1) Arbol de la población

(2) 2º Trimestre 1985
(En miles de personas)



de Economía Española n.º 26/1986

(31)

LA VANGUARDIA

Key to Chart:

1. Population Tree
2. Second quarter of 1985 (in thousands of persons)
3. Women
4. Men
5. Aged (70 years and over)
6. Children (up to age 16)
7. Services
8. Family aid
9. Out of the job market
10. Students
11. Independent employers
12. Subsidized
13. Without subsidy
14. Military service
15. Others
16. Subsidized farmers
17. Of working age
18. Children and aged
19. Agriculture and fishing
20. Salaried
21. Unsalariated
22. Registered
23. Not registered
24. Industry
25. Employed
26. Jobless
27. Inactive
28. Construction
29. Active population
30. Total population
31. Source: "Documents on Spanish Economy," No 26/1986

2909

CSO: 3548/68

ECONOMIC

EUROPEAN AFFAIRS

DE BENEDETTI'S STRATEGY FOR EXPANSION INTO FRANCE

Paris LE FIGARO ECONOMIE in French 9 Jun 86 p 3

[Article by Elisabeth Chavelet: "Carlo De Benedetti: Hunting for Billions"]

[Text] Carlo De Benedetti is preparing to shake up the French industrial landscape. The Italian capitalist and manager, who has already chosen his strongmen and his financial allies, intends to raise a bundle on the financial market. His goal? To build a large, multifaceted European manufacturing group centered in France.

For a week now the advance players on Mr De Benedetti's French team have been moving into place. The team's trainer is Alain Minc. This 37-year old financial officer has been around. In the course of his 7 years in the management of Saint-Gobain, particularly during Saint-Gobain's brief 1980 marriage with Olivetti, he cemented a solid friendship with the Italian industrialist. Now it's goodbye to Saint-Gobain. Since 1 June, Alain Minc has been Carlo's right arm for expansion in France. The strongman is Claude-Pierre Brossolette, managing partner of the Worms group.

Six Months, Maximum

While looking for offices to house his team, Minc is camping in an office of the Worms group where activity is already intense. Although he doesn't say so, people are guessing that Minc has given himself 6 months to complete the first phase of the De Benedetti plan, i.e., to amass enough financial muscle, enough ready capital, to manage the two recent acquisitions (Davigel and Valeo) and prepare for more.

For these takeovers, the bulldozer from Turin has already equipped himself with two tools.

The first is Buitoni, S.A., a subsidiary of the Italian food products group bought by De Benedetti's CIR holding company in February 1985. Buitoni has been listed on the Paris Bourse's second market since 5 May. At 510 francs a share last Friday, the market value of the French Buitoni is 722 million francs, of which Credit Agricole has acquired 10 percent and the state 12 percent. Buitoni has just spent 330 million francs to acquire 70 percent of Davigel, the French leader in frozen fish for the restaurant trade. New money

is needed for further growth. It is rumored that Minc is projecting a capital increase of nearly 500 million francs, and possibly a convertible bond issue, in the coming months. He would thereby be assembling at Buitoni a kitty of close to a billion francs.

The other promising tool is the Cerus (formerly Airflam) holding company. The new shares will be quoted on cash terms beginning 1 July, but the initial capital, amounting to 1.3 billion francs, has already been spoken for. The state will hold 15 percent. Through CIR, Carlo De Benedetti will hold 40 percent. (In concrete terms, this will involve the 19 percent share acquired in Valeo.) As for the rest, friends and financial allies will participate to the extent of 10 percent for the Suez company, 10 percent for UAP, 5 percent for Banexi, 5 percent for the Worms group, a share for two Anglo-Saxon merchant banks, and a surprise joker who is a major French figure on the international banking scene.

Let's make a quick calculation. With the Valeo holding accounting for about 540 million francs, there remain 800 million francs for use in takeovers.

In reality the war chest will be even greater. There is talk of raising approximately 2 billion francs in additional capital between now and the end of the autumn. Financier Alain Minc has been entrusted to push all the right buttons in the financial market: bond issues that can be converted into shares, capital increases, and investment certificates. In the short term, this represents a piggybank of 3.5 billion francs available to Cerus. Combined with Buitoni, this makes a total of 4.5 billion francs. Few French groups can claim such liquid reserves.

To what uses will all this money be put? On this point, Minc is quite clear: "Cerus was not designed to take part in denationalizations." What, then, will be the targets of our bird of prey?

Consider the Cerus holding company. It will grow "on the model of the Italian CIR," according to Alain Minc. In other words, it will acquire shares in diversified sectors, sometimes "for the purpose of exerting management control" and sometimes "a minority interest for purposes of strategic investment."

How should we decode this message? One thing is certain. In acquiring Valeo (the matter has now been settled thanks to the support of Suez and CGIP), Carlo De Benedetti, who, Minc reminds us, "knows the auto parts industry inside out, having devoted two-thirds of his professional life to it." [Sic: incomplete sentence.] The Italian industrialist therefore has very precise intentions. Just as he made Olivetti into a European center of the microcomputer industry, he may turn Valeo into a European auto parts center through acquisitions and worldwide agreements.

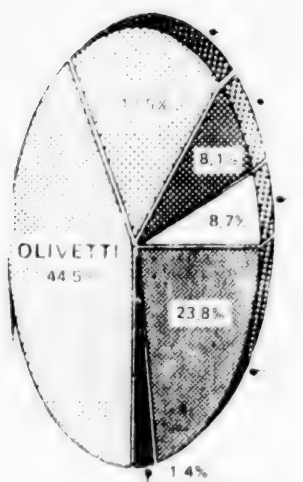
Continuing to decode Alain Minc, Cerus' other target may lie in the service sector. Here, too, attention should be paid to what Mr Benedetti has done in Italy. Using his Sabaudia holding company, he acquired strategic minority interests in insurance and merchant banking (Euromobiliare). It seems clear that if small French groups call upon De Benedetti to rescue them with in-

fusions of funds, he will gladly involve himself in financial services or the French insurance sector, which is a veritable pump of financing from savings.

What will he cook up after the Davigel acquisition? It is not difficult to surmise that in coming months we will see a good deal of reorganization, although with a lag of some months behind our foreign neighbors. It is already rumored that the semipublic Compagnie de Navigation, which is said to be in need of cash to participate in denationalizations, might someday part ways with Saupiquet. It also seems clear that if they are to grow in the very competitive markets for frozen foods, ice cream, prepared dinners and canned goods, companies such as Ortiz-Miko, Tesseire, Lesieur and others may one day be tempted by De Benedetti's siren song.

But first the French market must respond to his calls for funds. In this regard, Alain Minc is confident. "The market remains good and De Benedetti is an attractive name," he says, recalling that when Buitoni entered the Bourse offers were received for a total of "7.5 billion" shares. A banker points out that between 1978 and 1986, the man from Turin (who has just moved CIR's head offices to Milan) succeeded in raising for his own use 15 billion francs on the Italian market. This is equivalent to an entire year's issues of stocks and bonds for French industry as a whole. He adds, however, that "it is not certain that Mr De Benedetti will be able to keep up this pace in the new stock market climates in Milan and Paris." Chi vivera vedra.

As of March 31, 1986



SASIB

(holdings in railway signaling systems, automobile filters, the tobacco manufacturing industry, and equipment for the food industry)

BUITONI

(food products industry)

CIR INTERNATIONAL

(international holding company)

SABAUDIA

(holding company with minority shares, including:

--Pirelli, 7.3%

--L'Espresso, 13.8%

--Credito Romagnolo, 1.93%

--Euromobiliare, 20.66%)

EUROMOBILIARE

(Merchant bank)

100% = 1500 billion lira.

13221/8918

CSO: 3519/206

ECONOMIC

DENMARK

PAPER VIEWS SOCIALIST PEOPLE'S PARTY ECONOMIC PLATFORM

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 86 p 10

[Editorial: "SF's New Course"]

[Text] There has been doubt--and for good reason--whether SF [Socialist People's Party] had any kind of an economic program whatsoever. The party has rarely expressed itself on economic matters in a consistent manner. When it has done so, it has been in the form of a wish list which showed that the party viewed money as a free commodity of the same type as the wind and the weather. The party has considered subjects such as the balance of payments and government finances as inconsequential bookkeeping problems.

Thus free and uncommitted, SF has attracted so many Gallup Poll mandates recently that the sweet itching for ministerial posts has begun to become apparent. As a support party for Anker Jorgensen, or maybe completely on its own. Therefore, the party has hinted that the summer should be used to put together an economic program. Practice sessions are under way with Volume I on the national economy and the rest of the world awaits anxiously to see whether there is a recognition in such a short time of the difference between a debit and a credit.

The first results from the study group have caused surprise--SF is about to take the lead not only on the Social Democrats but the government itself on the inside lane. The increase in private consumption must be cut back to one-sixth of the current rate. All the golden promises of shorter workhours, longer vacations and doubled wage increases have ended in a clean 0-solution. Not even public employees can expect five little ore more in salary since public expenditures must be held where they are. Gone are the many promises to the pensioners, the unemployed, students, widows, environmental activists, underdeveloped countries, Nicaragua and many, many more. Denmark not only will remain in the Common Market, but also in EMS cooperation, and SF will get rid of the balance of payments deficit.

SF's farewell to dreamland should be welcomed if the whole thing did not have such a summer playhouse tinge. It simply does not fit. Such a sense of reality cannot be held by a party which was born as, and always has been, a protest party. It would be synonymous with a deliverance of the whole group along with everything which it has said both within the Parliament and on the plaza outside. A disclaimer of SF's history. The recommendation for blasting

the tax compromise into pieces, and concerning what should be nationalized in the case of a chamber of horrors, suggest that it is more likely confusion which has grabbed ahold of the popular socialists. In Georg Foulson's words: SF has it best in a warm hammock with a red apple and a study group notebook, removed from political responsibility.

The party's summer studies of the national economy are hardly wasted, however, and the reading of Volume II may lead to new surprising admissions. But SF's current "yes" to a barebones income policy is a type of advance signal for the collective bargaining sessions. The recommendation concerning the budget law also cannot pose problems. The tight money policy receives full support and there now is support from all parties in Parliament for the policy of a steady valuation of the krone. Let us hope that the summer continues to last.

12578

CSO: 3613/170

ECONOMIC

FINLAND

POLISH AMBASSADOR COMMENTS ON TRADE GOALS

Helsinki KANSAN UUTiset in Finnish 27 Jun 86 p 5

[Article by Marjatta Nenonen: "Ambassador Burczyk. PZPR's Congress Important to Entire Polish Society"]

[Text] "In Poland, the congress of the nation's most important party, Polish United Workers Party [PZPR] has a slightly different significance and impact on society from the delegates' meetings in your country," said Poland's Ambassador to Helsinki, Henryk Burczyk, while explaining the issues to be discussed in PZPR's congress beginning next Sunday.

"In your country, it is mainly the party members who are interested in party conventions, but PZPR's congress directs the development of the entire nation for a long time in the future. Therefore, the event is significant to the entire society, and not only to party members," he commented.

The 5-day congress will address the draft for the economic-political program, reaching until the year 2000 which has been discussed rather widely prior to the meeting. Also other people, besides the 2 million members of PZPR, took a stand on the extensive program document. Also people who were not members of the party expressed their opinions and made propositions.

In addition to the about 1,600 official delegates, some 200 foreign visitors from the communist, socialist and social-democratic parties will participate in the meeting, which will be held in Warsaw's Palace of Science and Culture. From Finland Erkki Kauppila, editor-in-chief of KANSAN UUTiset, will go to Warsaw as representative of the Finnish Communist Party.

While discussing the problems related to foreign trade and repaying Poland's foreign debts, Ambassador Burczyk admitted that the nuclear powerplant accident in Chernobyl certainly did not help in this regard. Based on what he said, it can be concluded that the economic losses to Poland, mainly in foreign exports, caused by the accident are in the category of 50-80 billion dollars [sic].

"Even if the sum does not seem large, it can be felt in Poland's balance of trade," said the ambassador.

When discussing the relations between Poland and Finland, he emphasized that there are no political disagreements between our countries. Also in the area of trade, the relations have developed well. In the past two years, the volume of trade between the countries has increased by 20 percent.

"The last word in our trade relations has by no means been pronounced yet," stated Ambassador Burczyk. There is positive development in sight and discussions on the increase of trade are going on.

Poles would like to import more machinery and equipment from Finland. They would also like to increase the volume of their exports here. In Finland people frequently complain that the trade is unbalanced, in favor of Poland. The ambassador assured that Poles aim at having a trade balance which would be less negative to Finland. It is true that Poles export more to Finland than they buy from us.

There are lively discussions going on concerning the issue and means are being sought to correct the situation in order to satisfy both parties.

In culture and science, however, there is a balance, the relations being stable and lively.

Also in foreign politics there are similar trends in the two countries. The ambassador mentioned specifically the disarmament proposals and the efforts to create nuclear free zones in Europe.

[Picture] Henryk Burczyk, Polish People's Republic's Ambassador to Helsinki, is satisfied with the development of trade between our countries.

12956

CSO: 3617/134

ECONOMIC

FINLAND

SOVIET DEPUTY MINISTER MANZHULO ON TRADE OUTLOOK

Helsinki KANSAN UUTISET in Finnish 8 Jul 86 pp 8-9

[Interview with Soviet Deputy Foreign Trade Minister A. N. Manzhulo by Heikki Korhonen; date and place not given]

[Text] Moscow--What Comes After the Party Congress?

The Soviet Union is experiencing an energetic period of development after the 27th CPSU Congress.

A delegation of journalists from the SKP [Finnish Communist Party] familiarized itself with the execution of the decisions of the congress in June and July for a full week and a half as guests of PRAVDA in Moscow and in the Tajik SSR.

During the visit Chief Editor Heikki Korhonen and photographer Pekka Pajuvirta of KANSAN UUTISET, Editor Risto Hirvonen of KANSAN SANA as well as Editor Jaakko Korpinen of KANSAN AANI met with officials of Soviet ministries and institutions.

Today we are publishing the delegation's first report of their trip. After this, there will be additional articles concerning the reform of Soviet industry, food production, the development of services, and disarmament.

The freezing of more than a hundred construction projects in the Soviet Union may reflect positively on the opportunities of Finnish firms.

This was confirmed by Soviet Deputy Foreign Trade Minister A. N. Manzhulo at a meeting in Moscow with the SKP's delegation of journalists.

According to Manzhulo, Finnish firms "will have the best possible chances" in the renovation of production plants already in operation.

Attempts are now being made to "supplement" exports as well as imports in Soviet foreign trade according to Manzhulo.

"The objective is to diversify exports so that they will not be predominantly comprised of fuels and raw materials.

"They have held a 80-90 percent share in our exports depending on the country. The goal now is to increase exports of machinery and equipment. Or we will increase the exports of processed products."

"Imports of Grains Will Be Halted"

According to Manzhulo, the Soviet Union will cease purchasing grain and ferrous metallurgical products completely by the year 2000.

"The production of these products will be increased so that we will be able to meet all domestic needs."

According to Manzhulo, "the dramatic events that occurred at the beginning of the year only emphasized the correctness of this policy".

According to him, a significant change will occur in fuel imports. "The proportion of fuels in trade with the Federal Republic of Germany is 75-80 percent. But the share of gas in this amount has already risen to 44 percent.

"We are striving to reduce exports of fuel oil and petroleum products and increase exports of gas."

According to Manzhulo, this development will also be reflected in trade conducted with Finland, indeed, not as rapidly as with West Germany.

"So far only Helsinki has made a decision to purchase gas and Uusikaupunki has also been involved in such plans. Kemira has researched the possibility of producing fertilizers from our natural gas."

According to Manzhulo, energetic work is being accomplished in the Soviet Union so that the consequences of the drop in oil prices can be reduced as much as possible.

"Above all, we are attempting to increase exports of machinery and equipment. This work is being done with respect to Finnish trade also."

"Finnish Trade Has Grown"

Manzhulo admits that the balancing of Finnish and Soviet trade is "indeed, a knotty problem".

"We have labored over this problem with our Finnish colleagues since the beginning of the year.

"The government has granted us additional goods for delivery to Finland with a value of approximately 200 million rubles. Of this amount 60 million is in machinery and equipment, primarily aircraft.

"Negotiations have been conducted with Finnish firms on moving up deliveries from next year to this year. There were also discussions about new products for the years 1987-90.

"The Soviet Government has granted additional products with a value of 1 billion rubles for the years 1987-90."

According to Manzhulo, the primary goal of all this extensive work is to prevent a reduction of the large quantity achieved in the exchange of commodities.

"If we think of an exchange of purely material values, and not the question of price, the quantity of trade has increased continuously.

"A partial reason is, of course, the fact that the price question has not been advantageous to the Soviet Union. But the exchange of commodities itself has increased."

"Machinery and Marine Equipment"

According to Manzhulo, the Soviet Union wants to offer Finland "a very broad selection of machinery and equipment". Included are marine equipment, which is delivered to Finland for ships being built for the Soviet Union, machine tools, airplanes, and helicopters.

"It is pleasing to note that Finnair has for the first time begun serious negotiations with us on the purchasing of aircraft."

According to Manzhulo, this may be of exceptionally great importance from the point of view of relations between our countries purely outside of the material aspect, in tourism, for example. "It could affect the travel of Finnish tourists to the USSR as well as the entry of tourists from other countries through Finland.

"Machinery and equipment will make up the primary direction in the development of trade relations. So far, we have imported more machinery than we have exported."

"Significantly Ahead of Others"

According to Manzhulo, Finland "comes out even now as the Soviet Union's most dynamic trading partner".

"For example, we are significantly ahead of other countries in industrial cooperation.

"Quotas concerning industrial cooperation were agreed upon for the first time in the 5-year trade agreement for the years 1986-90. And it is not a question of tens or hundreds of million but billions of rubles."

Manzhulo cites the production of specialized railroad cars by Rautaruukki in Otamaki and the manufacture of automated telephone exchanges as examples of industrial cooperation.

In railroad car production the Soviet share is 40 percent, and 10 percent with respect to telephone exchanges.

"The manufacture of telephone exchanges is an especially important achievement since it represents direct cooperation between industrial engineers."

According to Manzhulo, exports of machinery and equipment from the Soviet Union to Finland will increase 20 percent in 5 years as the result of industrial cooperation. Measured in money it will mean an increase in imports of Soviet machinery from 100 million to more than 250 million annually.

"Third Countries Increasingly Possible"

According to Manzhulo, the Soviet Union is aiming at increasing the sales of individual products as well as expanding industrial cooperation.

"The majority of products created as the result of industrial cooperation is now sent to the Soviet Union. Over the long term we are planning their sale to third-party countries also.

"Then the effectiveness of cooperation will increase perceptibly since long-term series will become a possibility and production will grow.

"Our cooperation with third-party countries was developing quite positively before the drop in oil prices. Now this activity has subsided, but we hope it will develop in the future."

"Renewing and Building"

[Question] According to General Secretary Mikhail Gorbachev, approximately a hundred construction projects have been frozen since there is a desire to concentrate on the renovation of production plants already in operation. Will this be reflected in Finnish construction projects?

[Answer] Indeed, it could be reflected, but positively.

The modernization and renovation of existing plants is now timely. What is most important is that these types of investments produce the quickest yields.

In this respect, Finnish firms have the widest possible opportunities.

We are presently also conducting negotiations on the construction of new chemical and metal plants in the Soviet Union. The Finns are participating in the bidding competition together with, let us say, the West Germans now.

"We Are Not Accusing Finnish Firms"

[Question] The Soviet Union has declared many times that prices of Finnish firms are too high. Has this had an effect?

[Answer] I would not say that Finnish firms overprice their products. We are not accusing Finnish companies of anything. They handle matters exceptionally well.

For various reasons, the prices of Finnish firms, particularly shipbuilding firms, are higher than those of your competitors.

We generally observe world market prices in trade and this is an especially difficult problem in the shipbuilding industry.

We have received plenty of information from Finnish firms about how the governments of other Western countries provide subsidies to the shipbuilding industry. But your government has carried out a different policy so far.

However, a way out has always been found in cooperation.

Now your shipbuilding industry has ready orders for a 5-year period, a value worth 2.5 billion rubles.

"Project of The Century"

According to Manzhulo, the exploitation of the natural resources of the Kola Peninsula, which has been of considerable interest to the Finns, is presently under study.

A joint committee of central administrative agencies, which includes Doctor Yuri Piskulov, chief of the Western Trade Administration in the Foreign Trade Ministry, as a member has been formed for this purpose.

This committee has studied possibilities over the past year and has sought cooperative partners.

"First of all, we have attempted to clarify for ourselves the nature and prospects of this project. It does, indeed, appear to be vast. Research is presently being conducted on how it can best be accomplished."

According to Manzhulo, "the Kola Peninsula project can someday turn out to be the project of the century".

"Several meetings have already been held with Finnish, Norwegian, and Swedish companies, and this could, indeed, become an extensive international project. Its accomplishment will result in the fact that all the parties concerned will receive products ranging all the way to special cement. Also for export to third-party countries.

"Now we are studying how effective production can be. After that, the participants will be chosen."

"We Are Not Playing Tactical Games"

A study is being conducted in the Soviet Union on what possibilities exist for establishing joint companies with Western firms to operate in the Soviet Union according to Manzhulo.

"We have already made decisions to establish such companies with socialist countries. They will primarily produce machine tools and industrial robots.

"The establishment of such companies will require changes in Soviet legislation so that laws would guarantee the interests of both parties.

"We are presently in the research phase. A decision on the establishment of several such joint companies could come in the very near future.

"Indeed, the prospect of such a future is entirely possible, and it is not a question of the distant future."

Among the socialist countries, joint companies have been formed with China, Hungary, Poland, and Romania, among others.

"In the Western press there has appeared information about the great difficulties that have been experienced in China, among other places. Thousands of companies funded by Western countries were set up there rather quickly.

"Now the criticism is that the Chinese are not allowing the companies to operate freely. In spite of this, all the companies say that they do not want to leave the country.

"This is probably understood as a kind of tactical means to squeeze more benefits out of the Chinese.

"We do not want to play such tactical games. As long as we intend to enter into a real cooperation with Western partners, this cooperation must be based on real equality and justice."

Manzulo considers the industrial cooperation accomplished with the Finns as a direct path toward mixed joint companies.

"We are also studying corporate opportunities with the Finns," confirms Manzhulo.

10576

CSO: 3617/144

ECONOMIC

PORTUGAL

NEEDS, RULES FOR PORTUGAL/LUSOPHONE AFRICA COOPERATION SUGGESTED

Lisbon SEMANARIO in Portuguese 12 Jul 86 p 20

[Article by Rui Teixeira Santos]

[Text] This month is vital to cooperation with the African countries, in terms of the timing on which Cavaco Silva's executive branch has decided. Not that any international gathering has indicated any political initiative in this sector, which Lisbon persists in avoiding. But this month, the government has come forward with a substantial cooperation package designed to redefine strategies and organization.

On the one hand, the Council of Ministers has finally decided to support some projects in Mozambique, integrating the back interest in the debt to be consolidated (about \$130 million in 1985). In the majority of cases, Portugal says that it will not go ahead with new projects. Angola, in turn, which is continuing to pay its debts (about 17 million cuntos to Portugal) slowly, has frozen all new projects in view of the drop in oil (Angola invoices about \$1 billion in oil annually).

Cavaco Silva went further and redefined the framework for the granting of guaranteed credit and support for direct Portuguese investments in Africa, in a document scheduled to be made public soon. Finally, with the approval of the new regulatory structure for the ICEP and the appointment of Faria de Oliveira as president, as we reported last week, Cavaco Silva is developing the tool needed for a new marketing policy for Portuguese exports.

Statistical Series and Cooperation

What is at issue, when it comes to the cooperation policy, is once again the basic question which has been discussed during the present government. The statistical series and the macroeconomic models about which Miguel Cadilhe talks have nothing to do with the specific reality in the cooperation sector. In this area, timid steps will not make it possible to outline any policy for the sector, but will only make it clear whether the financing resources are greater for the moment or if we must "tighten our belts" here.

In political terms, our actions in Africa are regulated, on the one hand, by the multilateral relations within the framework of the Lome Agreement signed

by the EEC with the Third World countries (1984), and on the other, on the bilateral level, where our cultural links with the former colonies dictate that we will be constantly asked to serve as the international "lobby" for these countries. This is the case with the Nkomati Agreement between South Africa and Mozambique, to which we contributed nothing but wherein our presence, at the invitation of Mozambique, was considerable.

The lack of clear support for the MPLA, the civil war and the existence of a politicized bourgeoisie which dominates the middle levels of the state apparatus, which are strongly anti-Portuguese, have made our relations with Angola more difficult than in the case of Cape Verde (which, as a debtor, pays promptly) or Guinea (we have consolidated \$24 million, but it still owes us almost \$35 million), in which countries cooperation has been exemplary.

No Financial Resources

Cooperation requires coverage of what the African nations do not have and an amount which will permit the development of the European countries (mutually advantageous relations). The African countries lack financial resources, and the deterioration of the terms of trade and the drought in the past decade have wrecked their fragile economies. The international monetary system is unfavorable to them, and they lack the minimal technology for establishing infrastructures and even identifying their needs.

What is our situation?

- a. Portugal does not have the financial resources to cover the minimal needs of the African countries. However, its contribution to cooperation must represent 1.5 percent of the gross domestic product at a minimum, since the privileged relations with Africa constitute an important political trump card.
- b. We have an intermediate level of technology adequate for the needs of the African countries, which they could easily master without great vocational training requirements.
- c. The Portuguese market is very small, and is not capable of meeting the demands of a major project.

The Portuguese Strategy

Given these factors, what strategy should be pursued?

1. Politically, clear support of the local governments, without ideological complexes.
2. Economically, Portugal does not have the capacity to finance everything, or to undertake all the projects alone. It must then identify the main infrastructure projects in the African countries and serve as the organizer of trilateral cooperation plans. To do so, Portugal must guarantee a part of the financing and must meet its responsibilities, to the extent of the responsibility assumed for each project, until the work is completed.

As our market lacks the capacity to meet all of the needs of a great project, it would be necessary, for the construction of a dam, for example, for foreign businesses and suppliers, which might come in with financing, to participate.

Six Basic Rules for Cooperation

Our strategy then should involve:

2.1. Identification of the countries' needs. 2.2. Portuguese leadership in project viability studies. 2.3. Portuguese leadership in the organization of contracting consortiums. 2.4. A Portuguese contribution to financing and supply (in this connection, it is necessary to eliminate the bureaucracy in the Bank of Portugal and the export plan, to develop regular lines for our merchant marine LIS-LDA-MAP, which are currently lacking, and to put an end to the taxing of profits made by Portuguese businesses abroad. 2.5. Definition of a percentage of the gross domestic product to be allocated for support of the African countries and projects. 2.6. Guaranteed fulfillment of commitments.

Development Agency Needed

In this way, Portugal could become a service platform for the African countries, by organizing international trusts and projects on the one hand, and by providing technical aid (appointing technical advisors and supervisors) to the African governments.

Finally, from the institutional point of view, this aggressive business approach on the part of our country (economic diplomacy) should have an institutional framework in Portugal. The Economic Cooperation Institute has only been called upon to manage "white elephants" and disputes arising in Africa in which we are involved, with the identification of opportunities for cooperation being left to the enterprises. This should be a national project, because it is the image of the country which is at stake in each project or supply effort. The ICE, then, is obviously inadequate. A Portuguese agency for international development should be established to manage the MNE budget funds for cooperation, to serve as a financing institution and simultaneously to direct Portuguese trade strategy in Africa. This institution would further have sole charge of relations with multinational and regional bodies in Africa (the SADEL, OAU, ADB, etc.).

Role of the ICEP

And here one might also examine the actions of the Portuguese Foreign Trade Institute (ICEP) to some extent. It should be the channel for the penetration of our products and projects abroad, not as a mere sales agent, but as a marketing strategist, redefining what goods we might sell abroad in terms of quality, packaging and other characteristics.

Just as in the medieval view it was necessary to organize production through the guilds, in the 1930s Dr Oliveira Salazar had in the to organize specialized institutes for the domestic market. Councils and institutes were established, pursuing a line which the Third Republic was to continue with the

EPAC, IAPO, etc. These are all bodies concerned with the importing of products, just as the Foreign Investment Institute is a body organized to support foreign ventures in Portugal.

We are, moreover, a country with an open economy, and not exclusively in the sense that we are an importer country (and anyone can import--organizations are not necessary). We are an open economy also in the sense that our exports dictate industrial production and domestic services. To a frightening extent the country has ignored this, when what was needed was to develop specialized bodies for the foreign markets or our export products. Even the National Wine Council is oriented toward the domestic market, when it should be a tool for selling on foreign markets.

Export Policy Needed

It is here that our economic diplomacy should become active. To this end it is necessary to create a link with the domestic economy, as the Japanese have done. And here we see another weakness. Since there is only a macroeconomic policy and not a real economic policy oriented toward the sectors and the enterprises and the economic agents (that lack of economic coordination to which we referred last week), even if such a tool were established or developed, its actions would be limited until such time as we have a Ministry of Economy which can ensure the orderly implementation of the directives and controls suggested by those studying foreign market prospects.

African Military School

Finally, in military terms, there is an urgent need to establish a training school for the officers of the armies of the Portuguese-speaking countries. This is a way of placing the army in the service of cooperation and guaranteeing the continuity of our military technology, which has been highly esteemed in Angola, Mozambique and Guinea. One possibility might be the use of the Lamego military installations (Commando School), which are currently underutilized.

Moreover, this professional training aspect should be encouraged in all technical sectors, since although the Portuguese-speaking countries in Africa currently have credit lines available for professional training from other countries and international bodies, they are not being utilized due to the lack of organizational capacity on the part of the African countries. Portugal could propose undertakings in this sector which would be welcomed in Africa, and the financial resources for covering the operational costs could readily be found abroad.

5157

CSO:3542/129

ECONOMIC

SWEDEN

INDUSTRY REDUCING INVESTMENT DESPITE INCREASED PROFITS

Stockholm DAGENS NYHETER in Swedish 30 Jun 86 p 8

[Article by Dan Magnerot; first two paragraphs are DAGENS NYHETER introduction]

[Text] Sweden's big firms have changed perceptibly over the past 10 years. Their share of industrial turnover is rising sharply, and they are concentrating more and more on financial investments and less and less on industrial investments. At the same time, profits by the large firms are up.

This is revealed in a recent report by the National Industrial Board (SIND), which surveyed activity in Sweden by the 22 largest groups of companies. The conclusion is that the firms have money to spare, but that it is more profitable to invest in money than in production.

The 22 largest groups of companies account for an ever-increasing share of Swedish industrial turnover. In 1977, their share was 26 percent. By 1983 it was up to 35 percent--a 35-percent increase during the period in question.

During the same period, the five largest industrial groups--Volvo, Electrolux, ASEA [Swedish General Electric Corporation], Ericsson, and Saab--more than doubled their investments in real capital (plant, equipment, new firms, and so on).

Investing Less

The remaining 17 (Aga, Alfa Laval, Astra, Atlas Copco, Bofors, KemaNobel, Boliden, Incentive, Esselte, MODO, Pharmacia, Sandvik, the SCA [Swedish Cellulose Company], the SKF [Swedish Ball Bearing Company], Stora, Billerud, and Match) increased their investments by 17 percent.

But those percentages represent hard cash and current prices, meaning that inflation has not been taken into account. If we allow for inflation, the picture is quite different.

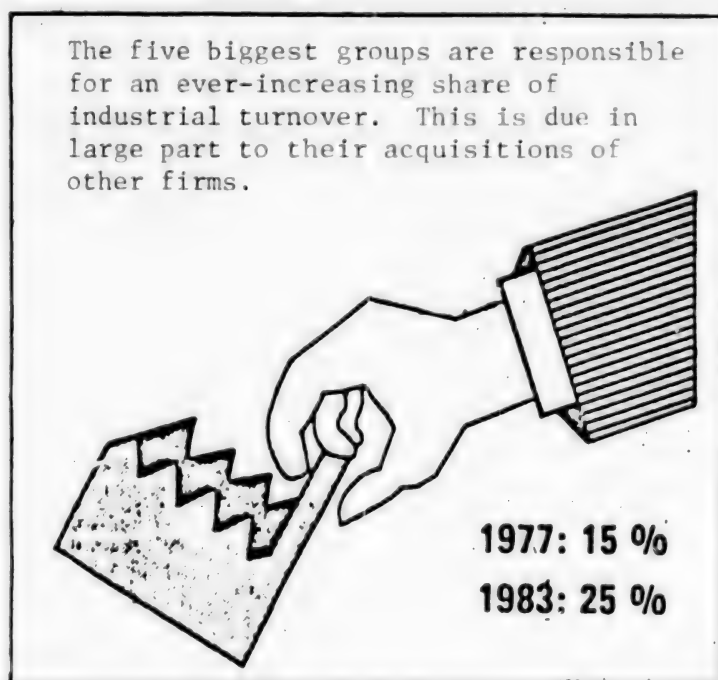
Allowing for inflation, the big five actually increased their investments by 20 percent. On the other hand, the other 17 groups reduced their investments

in real terms by a full 40 percent. As an explanation of the real increase by the five big groups, SIND mentions, among other things, the many acquisitions of other firms. A not inconsiderable portion of the investments consisted quite simply of such acquisitions.

Here it can be said that the five big groups consisted of just over 130 firms in 1977 and of 250 firms in 1983, meaning that the number of firms in the five groups almost doubled during the period.

The five big groups have therefore come to account for a steadily increasing share of total Swedish investment in real capital. That share gradually rose from 15 percent in 1977 to 25 percent in 1983: a 67-percent increase. Here, of course, the many acquisitions of other firms also play a role.

In other words, the big groups came to play a steadily increasing role in Swedish industry during the period in question.



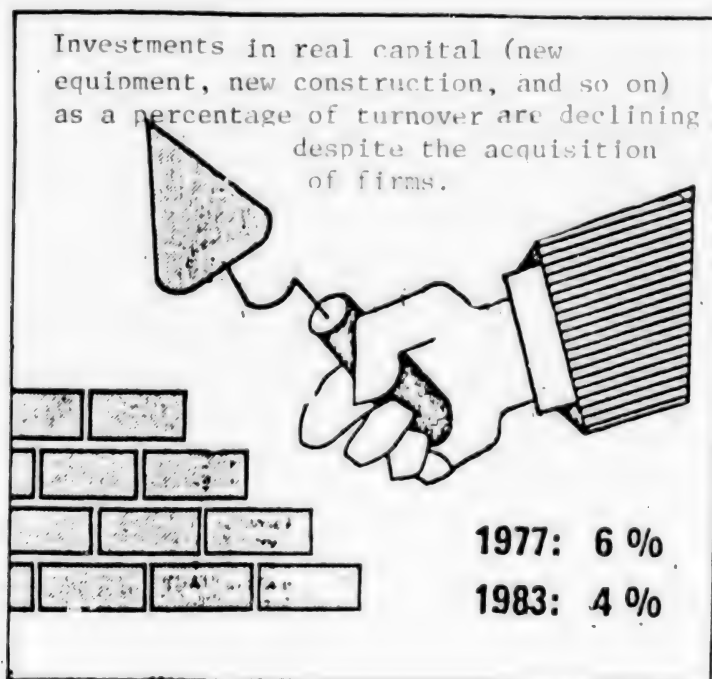
Failing To Keep up

Investments in real capital did not keep pace with the increase in turnover during the period. In 1977, investments in real capital by the five biggest groups came to 6 percent of turnover. By 1983, they were down to 4 percent—a drop of one-third between 1977 and 1983. Developments in the other 17 firms were more or less the same: from 9 percent in 1977 to 6 percent in 1983.

In other words, investments in real capital as a percentage of turnover in Sweden declined substantially during the period in question.

SIND's survey also shows that the five biggest groups had the lowest investment ratio (investments in real capital as a percentage of turnover in Sweden) for Swedish industry as a whole during the period in question. And if we look only at the period from 1980 to 1983, we find that those groups disinvested. They simply phased out parts of their activity in Sweden.

Many people have claimed that the firms have chosen to invest in research and development (R&D) instead of in real capital. SIND's survey shows that that is not the case. Instead, it shows that in general, R&D investments as a percentage of turnover remained stable during the period.



Same Percentage

In other words, R&D investments as a percentage of turnover did not increase during the period.

In the five largest groups, inventory investments in connection with their Swedish activity fell from 7 percent of turnover in 1977 to 1 percent in 1983.

During the same period, the other 17 groups reduced their investments in inventory from 4 percent of turnover to practically 0 percent. In other words, there was a very sharp reduction. According to SIND, this may very well be viewed as reflecting the high interest levels in Sweden.

In other words, investments in inventory as a percentage of turnover declined drastically during the period.

What did increase in size--and perhaps this is not especially surprising--were financial investments. (What is meant here by financial investments are bank savings, shares of stock, and long-term loans receivable.)

In the case of the five big groups, financial investments as a percentage of total capital rose from 13 percent in 1977 to 23 percent in 1983--a full 77-percent increase. That increase has reference to all activity, however--both in Sweden and abroad.

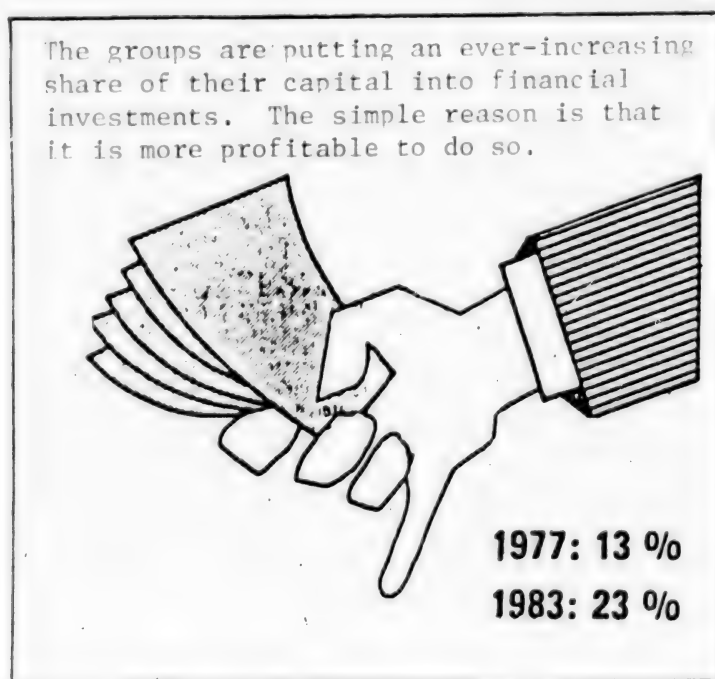
More Profitable

The other 17 groups show a similar development. Their financial investments as a percentage of total capital rose from 12 percent in 1977 to 19 percent in 1983--an increase of 60 percent.

In other words, during the period in question, the firms considered it more profitable to make financial investments, the main purpose being to obtain interest income, than to invest in plant, R&D, and inventories.

According to SIND, this also reflects the fact that the groups underwent a transformation during the period, having switched from being more or less purely manufacturing firms to being financial systems.

But purely industrial activity still accounts for 90 percent of the turnover by those groups, and that percentage remained relatively constant throughout the period.



Higher Prices

But a reservation needs to be inserted here. The sharp price increases during the 1980's certainly played an important role and should be regarded as part of the explanation for the increase in financial investments.

The fact that the price of shares already held by the firms is rising does not mean, of course, that financial investments are increasing. So in reality, financial investments probably did not increase as much as SIND's survey might make it appear. On the other hand, the difference is probably not crucially great.

Role of New Issues Overrated

As a rule, firms have had three different ways in which to finance their investments: gross savings (retained earnings), borrowing, and new issues. Since profits have been high, they have easily sufficed for the regular investments made by the big groups of companies.

Gross savings by the groups increased as a percentage of turnover during the period in question. The groups therefore earned more and more profits to use for investment. And if gross savings are compared to investments in plant, those investments were amply covered by savings. This is true not only of activity in Sweden but of activity as a whole.

Easy To Obtain Loans

SIND was not able to present any data on borrowing. But it did look into the question of solvency. And for the groups covered by its survey, solvency has generally remained stable since 1977. The data also show that the solvency of those firms is clearly the highest and the most stable of all industrial firms. According to SIND, this is presumably due to the fact that they find it easier to plan their activity than others do.

The solvency of the five biggest groups is somewhat lower than that of the other 17. Perhaps this can be explained by the fact that it is easier for them to borrow money. For the big five, solvency hovered between 30 and 32 percent during the period in question, while for the others, it remained quite stable at around 35 percent. The big firms therefore enjoyed fairly satisfactory solvency throughout the period.

SIND's survey also shows that the role of new issues as a source of financing is clearly overrated. New issues accounted for only 1 percent of turnover, while the share represented by gross savings was around 6 or 7 percent during the period.

Gross savings during the period were therefore a considerably more important source of financing than new issues.

Higher Margins

Gross margins on activity by the groups in Sweden--that is, that portion of the price of a product which exceeds manufacturing cost--rose during the period. The big five increased their margins from 7 percent in 1977 to 10 percent in 1983. The other 17 show an even larger increase: from 7 percent in 1977 to nearly 12 percent in 1983.

On the other hand, the margins on activity abroad declined, especially in the case of the five biggest groups. Between 1980 and 1983, margins on their activity abroad fell from 21 percent to 7.5 percent. That is a very remarkable decline.

In the case of the big five, therefore, margins on activity in Sweden were greater than those on activity abroad in 1983. The devaluations naturally played a role in this connection, but the question is whether they can explain all of that very large decline.

Good Return on Investments

Lastly, SIND notes in its report that the return on non-borrowed capital as well as on total capital just kept getting better and better. In the case of the five biggest groups, the return on non-borrowed capital in connection with their activity in Sweden rose from 12 percent in 1977 to 28 percent in 1983: an increase of 133 percent.

For the other 17, the increase was a full 325 percent: from 4 percent in 1977 to 17 percent in 1983. By way of comparison, it can be mentioned that the interest rate on government bonds varied between 10 and 14 percent during the same period.

In conclusion, SIND notes that the return on financial capital was considerably better than the return on working capital. This is true above all for the five biggest groups: the same groups which, during the period in question, increased their financial investments by 77 percent.

11798

CSO: 3650/261

ECONOMIC

TURKEY

BRIEFS

ISLAMIC DEVELOPMENT BANK--Jidda, 25-7 (A.A)--The Board of Executive Directors of the Islamic Bank approved a \$26.3 million loan to be extended to Turkey. During its 84th session, the board decided to extend the loan to Turkey for its foreign operations, namely to be utilized in financing import of unprocessed leather from an IDB [Islamic Development Bank] member country and jute imports from Bangladesh. [Text] [Ankara ANATOLIA in English 1440 GMT 25 Jul 86 TA] /12766

CSO: 3500/13

MILITARY

DENMARK

TERMA ELEKTRONIK FIRM LOOKING TO U.S. FOR PLANE COMPONENT SALES

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jul 86 Sect III p 2

[Article by Martin Burcharth: "Danish Firm Staking Much on U.S. Air Force"]

[Text] New York--Terma Elektronik is opening a sales office in the United States. It will sell measuring equipment to the American Air Force. The firm already is a supplier for the F-16.

One of Denmark's large electronics firms, Terma Elektronik A/S, is now increasing its efforts in the American market and therefore is opening a sales office in Washington on 1 September.

The objective is to get the United States military to accept the ballistic measuring equipment which Terma and its subsidiary, Opos Elektronik A/S, have had success in selling in Europe and the Far East. The ballistic measuring equipment consists primarily of radar and computers which undertake ballistic measurements for newly-developed weapons in the test stage.

"Terma sells nearly no ballistic measuring equipment in the United States, which is a growing market. That is the primary reason why we are opening a sales office, but we also want to maintain our connections with the American Air Force," says the newly named director, Jens Peder Jensen.

For some years, the firm has sold electronic components for the F-16 fighter pursuant to the Danish/American compensation arrangement and has developed other electronic equipment for the European and American space programs. Jens Peder Jensen has expertise in these areas from his previous job. Since 1982, as trade attache with the Danish Embassy in Washington, he has been involved with Danish exports within the public sector in the United States, including the defense and arms industries.

Terma Elektronik is the second Danish subcontractor with the American defense industry which has opened a sales office in the United States. Bruel & Kjaer also has a sales office. Trade advisor Erik Ovesen in the Foreign Ministry, who previously was division chief in the construction firm Flexplan, will take over the vacant position at the embassy in Washington.

12578

CSO: 3613/170

MILITARY

DENMARK

PAPER VIEWS PROSPECTS FOR DEFENSE PROGRAM COMPROMISE

Copenhagen BERLINGSKE TIDENDE in Danish 12 Jul 86 p 8

[Editorial: "The Defense Agreement"]

[Text] When the Socialist People's Party held its national congress last spring, the ideas of Margrete Auken and other Red realists of a showdown with the party's traditional anti-NATO position were already so dead that no participants in the meeting felt like contemplating the underlying idea: That it would be necessary for the Socialist People's Party to support the NATO alliance membership in order to be able to enter into a tenable government constellation with the Social Democratic Party. After the national congress, defense policy probings were nevertheless initiated between the Social Democratic Party and the Socialist People's Party to examine the possibilities of creating a defense policy alternative, corresponding to the security policy alternative.

However, the two parties have now decided that there is no sufficient common basis. The Social Democratic Party strives toward a largely unchanged expenditure framework, while the Socialist People's Party does not want to participate in procuring funds for a defense which the party cannot vouch for.

That is honest talk. At least on the part of the Socialist People's Party. It is now clear that the Socialist People's Party does not in the foreseeable future want to participate in the payment for a defense which has been set up within the NATO framework and strategy. Conversely, it ought to be clear that the Social Democratic Party from now on will choose its starting point, both in respect of framework and strategy, when the actual negotiations on the future defense agreement are initiated.

The question is whether that will, indeed, be the case. The way the political debate is going back and forth at present, there is the obvious risk that the Social Democratic Party will enter into the negotiations with a dual objective: One objective being to appear as the party that is seeking to undertake a re-evaluation of the Danish security policy via the total expenditure framework of the Danish defense, one of the reasons being to please the Socialist People's Party. The other objective being to retain the large group of Social Democratic voters who continue to adhere to the classical alliance line in the party's policy. The question is whether the two objectives are compatible.

The government parties should from the start of the negotiations make it clear to the Social Democratic Party that the conditions for the upcoming defense agreement cannot be accidental and fluctuate according to the mood of the Social Democratic Party. The absolutely basic prerequisite for the defense agreement must be that the Danish defense fills its role in the joint NATO defense. There is no room for experiments with the set-up of the defense, and changes, if any, in the NATO strategy are not to be brought about by means of the set-up of the defense. The defense will have to reflect the current NATO strategy. Only if it is changed--following negotiations in the relevant assemblies--may this result in changes in the set-up of the defense. But will the Social Democratic Party enter into the negotiations on that basis? And--what may be more interesting--if the answer is yes, will the Social Democratic Party adhere to the point of departure once the Socialist People's Party starts bombarding it with the special security policy viewpoints cooked up jointly by Jens Thoft and Pelle Voigt?

The upcoming negotiations are associated with much uncertainty. A report from the Knud Østergaard committee is awaiting the negotiators. That report will be introduced in the middle of the fall and it may cause the negotiations to get a slow start and not be carried through before the end of the year. The outcome of the entire matter may therefore be that no new defense agreement will be carried through in the upcoming assembly but that the current defense agreement will be extended. This will not be a popular outcome to the defense leaders, for there is a great deal in the current defense agreement which needs to be revised. But it may become a political necessity in order to avoid even greater uncertainty in connection with the Danish defense than the uncertainty which 4 years of security policy debate have hitherto accomplished.

7262

CSO: 3613/174

MILITARY

DENMARK

RETRENCHING SHIPBUILDER HOPES FOR APC CONTRACT FROM ARMY

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 86 Sect III p 1

[Article: "Military Orders Can Save Shipbuilder"]

[Text] Many of the laid-off workers at Nakskov Skibsvaerft may be reemployed if the politicians implement a modernization of the military's armed personnel carriers.

Nakskov Skibsvaerft wants to produce armed personnel carriers for the army. In that way, employment could be ensured for some of its 700 laid-off workers. Nakskov Skibsvaerft could start production immediately if the Defense Ministry approves the new rescue plan for the shipbuilder.

For several months, negotiations have been under way with a Swiss weapons firm --negotiations which the shipbuilder itself has handled; according to information director for OK [East Asiatic Company] Erik Eriksen: "OK has not been involved in these negotiations and apparently there is still a ways to go before the plans can be implemented," he told BERLINGSKE TIDENDE.

Nakskov Skibsvaerft is so far along that it can produce the Swiss armed personnel carriers in a manner which fulfills all of the requirements which are imposed by a modern military organization. "The recipient of the armed personnel carriers initially would be the national guard," says S. Rahbaek Rasmussen, director of the shipbuilding firm. The director believes that each single vehicle which is produced would provide employment for one worker for one year.

12578

CSO: 3613/170

MILITARY

DENMARK/GREENLAND

MINISTER CITES MEASURES EASING THULE BASE PROBLEMS

Base Area Halved

Godthaab GRØNLANDSPOSTEN in Danish 2 Jul 86 p 5

[Text] Minister of Greenland Affairs Tom Høyem recently announced to Mayor Qaaqutsiaq Nielsen of Qaanaaq that steps will soon be taken to halve the military base at Pituffik from the present 1400 square kilometers to approximately 600 square kilometers.

One of the effects of this will be that it will be possible to build a warehouse at the fishing village of Narsaarsuk to the west of the base.

"We have previously expressed the desire to the minister that a warehouse be set up at that spot," Mayor Qaaqutsiaq Nielsen tells GRØNLANDSPOSTEN. "And we broached the subject anew when the minister visited Qaanaaq in mid-June. The thing is, of course, that our sealers spend a large part of the year in the area. But after the closing of Dundas last year, they have had great difficulties obtaining supplies of goods. They have to go all the way to Moriusaq to buy provisions, even if the weather is bad.

Chilly Reception

In his talks with Minister of Greenland Affairs Tom Høyem, Qaaqutsiaq Nielsen mentioned an example of the problem:

"Last fall, a sealer and his family were staying at Narsaarsuk for sealing. The fall storm broke, and their motorboat was smashed by the waves. Even if there was still no snow, the sealer travelled over land to the military base to telephone Moriusaq from there. But at the military base, he was given such a chilly reception that he was first asked to leave. And he had to exert pressure before he was finally allowed to use the telephone to give a message to Moriusaq.

Qaaqutsiaq Nielsen asked the minister to participate in the establishment of a warehouse at Narsaarsuk. But Tom Høyem pointed out that it would have to take place in cooperation with the home-rule government and the municipal authorities.

Sealing Nets Prohibited

The minister of Greenland affairs was not able to tell the mayor of Quaanaaq at the meeting when the base area would become halved, but he said that they were now only awaiting the formal acceptance of the relevant authorities.

Further discussion of another issue raised by the Avanersuaq municipal authorities was postponed, pending the final clarification of the issue of the base area.

Sealers from Moriusaq have for many years been using nets in the sealing when Dundas is icebound. Last fall, they thus started setting their nets in the area when the base authorities came up to them, ordering them to remove their nets. The base authorities pointed out that Dundas was closed and that the sealers were inside the limits of the base area.

This surprised the sealers because they had hitherto been able to carry on sealing in that area without any such reaction on the part of the base authorities.

"I discussed the matter with the base authorities last fall. But they adhered to the assertion that no sealing with nets was permitted in the area. Even though the distance between the sealing places and the radar installations of the base is large, they talked about precautions on account of their radar installations," said Qaaqutsiaq Nielsen.

"We shall now try to demand permission to set sealing nets in the area at least for 3 months from October till the end of December."

Foxhunting in Base Area

In the winter, the personnel at the base usually kill a number of foxes straying around outside as well as inside the base area. Their catches are handed over to the sealers.

The sealers naturally are happy about this. There is the drawback, however, that the foxes are killed with shotguns, as a result of which the skins are often damaged to such a degree as to render them unsuitable for sale.

That is why the sealers have long desired to take personally part in the fox-hunting within the base area, at least under the supervision of the base authorities.

"The Americans seem to be more responsive to this request. And I expect that we shall obtain their permission," Mayor Qaaqutsiaq Nielsen concluded by saying.

Compensation Issue Unresolved

Godthaab GRØNLANDSPOSTEN in Danish 2 Jul 86 p 5

[Text] A 9-point program to improve the conditions of the Thule population in relation to the American military base at Pituffik was taken up anew by Minister of Greenland Affairs Tom Høyem during his recent visit to the Thule municipality. He presented the same program already last fall, but this time he described it in greater detail.

The initiatives contained in the program were welcomed by the municipal authorities.

However, it was pointed out to the minister that this does not mean that the municipality will now be able to abandon the Thule issue, i.e. the compensation issue against the Danish state for the loss of sealing areas in connection with the establishment of the Thule Air Base in 1951 and the subsequent forced removal of local residents from Uummannaq (Dundas) in 1953.

Meeting at Siorapaluk

In the northernmost settlement of Greenland, Siorapaluk, a citizens' meeting was held in connection with the visit of Tom Høyem and Defense Minister Hans Engell. Mayor Qaaqutsiaq Nielsen says:

"Some of the participants in the meeting asked the minister how far they had proceeded with the so-called Thule issue. The minister said that the state had rejected the issue. And he added that there now was a program for the improvement of the conditions and he thus felt that they might as well drop the compensation issue."

"I stated that we did not at all plan to regard the content of the program as a solution to the compensation issue, and that we shall carry on with the issue," Qaaqutsiaq Nielsen tells GRØNLANDSPOSTEN.

The working group in charge of the Thule issue consists in addition to Qaaqutsiaq Nielsen of Uusaqqak Qujaakitsoq, member of the Greenland Parliament, and Deputy Mayor Ole Qujaakitsoq.

Work at Base

In addition to the plan to halve the area of the military base, which has been discussed elsewhere in this paper, Tom Høyem's program involves the following:

The local population will be given access to work at the base. Two Greenlanders, an electrician and a pipe fitter, have already got work at the Thule base following an agreement between Danish Arctic Contractors and Greenland organizations.

Qaaqutsiaq Nielsen, moreover, tells GRØNLANDSPOSTEN that two persons from the Thule municipality will, in the course of July, be engaged on trial at the base, initially for 3 months.

The conditions of the local population staying in transit at the base will be improved. During his visit at the base, Tom Høyem thus inaugurated a guest house with accommodation for 14 persons. In addition, a Greenland-language assistant to the forwarding agent will be appointed from 1 July.

Tourism and Peter Freuchen's House

The minister, furthermore, promises that the state shop at the Thule base will be expanded to sell products made by the local population, i.e. crafts and the like.

Tourism from the base to Qaanaaq will be increased. In this context, the minister refers to negotiations between the municipal authorities of Thule and the Greenland Travel Bureau (in which the state is involved, editor).

On this, Qaaqutsiaq Nielsen tells GRØNLANDSPOSTEN that the municipal authorities and the travel bureau have agreed to start the small-scale construction this summer of a building to accommodate tourists.

Tom Høyem promises the municipality a subsidy for the remodeling of Peter Freuchen's House at Dundas for museum purposes, and he gives the municipal authorities permission to select deserted houses in the same area for re-use as houses for sealers.

The minister, incidentally, stated during his visit that the American will see to the transport of the 26 musk oxen which this summer will be moved from Kangerlussuaq to the Thule area. It is the home-rule government which has made the decision to move the musk oxen to three locations in the Thule area. They will be totally preserved the first 12 years.

Forty-Six Dwellings

The last item on the program of the Minister of Greenland Affairs Tom Høyem was a surprise to the municipal authorities. It concerns the construction of a total of 46 dwellings during the period 1986/89.

"We have already signed an agreement with the home rule government and the state involving the three-party construction of fifteen dwellings up to 1986," says Qaaqutsiaq Nielsen. "And the minister now says that another 31 dwellings will be added to these construction plans. We regard this as 'a major and welcome' gift from the state, assuming that the state will undertake all of the costs in connection with such a marked increase."

"However, as pointed out earlier, we will not accept the minister's move as the solution to the so-called Thule issue. That is a major and fundamental issue, which we intend to continue to fight for. The concrete measures dealt with in the minister's program are things which we have long ago pointed to and requested from the Danish state, though without having received any response. The minister has now presented these things as his own proposals, and that is, of course, gratifying," Qaaqutsiaq Nielsen concludes by saying.

Government Company Gets Role

Godthaab GRØNLANDSPOSTEN in Danish 25 Jun 86 p 32

[Text] Home-rule company will ensure the selection and appointment of Greenland labor at Kangerlussuaq and Pituffik.

It was the company of Greenland Contractors I/S [I/S: partnership] which in the competition with another two concerns was awarded the service contracts for the American bases at Pituffik and Kangerlussuaq for the coming 5 years. The home-rule government participates in Greenland Contractors I/S, and they have thus now ensured that Greenland labor may be--and will have to be--employed at the two bases.

In addition to the above-mentioned home-rule company, which is in the process of formation, Greenland Contractors consists of the following enterprises:

Danish Contractors Christiani and Nielsen, Inc., Højgaard and Schultz, Inc., A. Jespersen and Son, Inc., Kampmann, Kierulff and Saxild, Inc., Monberg and Thorsen, Inc., as well as Saabye and Lerche, Inc.

It is a question of contracts concluded with the American air force, U.S. Air Force, and for the first year alone, the value of the contracts will amount to approximately 350 million kroner.

For the remaining 4 years, the price will be adjusted on the basis of price and wage trends.

Greenland Labor

A press report states that the company owned by the home-rule government will be represented on the board as well as in the daily management of Greenland Contractors. The gradual introduction of Greenland labor at the bases will be an important task in this connection. The representatives of the home-rule government will, in particular, participate in the selection and appointment of the said labor force.

The cooperation between the home-rule company and the Danish partners is a natural continuation of the cooperation with the Greenland home-rule government which was started via the participation of Isco, a company partly owned by the home-rule government, in the DAC-Isco consortium, which operated in Jameson Land in 1984-85.

7262

CSO: 3613/174

MILITARY

FEDERAL REPUBLIC OF GERMANY

ELECTRONIC WARFARE, RECONNAISSANCE TASKS FOR 35 NEW 'TORNADOS'

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 20 May 86 p 6

[Text] The air force is to receive an additional 35 tornado airplanes specially equipped for reconnaissance and electronic warfare, which will add DM3.3 billion to the original procurement plan. Last week Finance Minister Stoltenberg approved this new plan, the most costly submitted by the armed forces during this legislative period. On 4 and 5 June the Defense and Budget Committees of the Bundestag are to give the project their approval.

The 35 planes, earmarked for the 32nd fighter-bomber squadron in Lechfeld and the 38th fighter-bomber squadron in Jever, will improve the inadequate and antiquated air reconnaissance capability of the armed forces and strengthen the ability of the Tornado units to penetrate the Warsaw Pact air defense in emergency situations. To this end they are equipped not only with radar jamming devices, but also with special missiles designed to locate and destroy electronic installations such as radar emplacements. That the airforce deems it necessary today to escort its regular tornado units with these planes indicates that the Warsaw Pact's air defense capability is so highly developed that it once again threatens to challenge the Tornado concept as originally designed. The building of the 35 additional aircraft--the Defense Ministry had originally proposed 40, but could only convince the Finance Minister to order 35--raises the number of Tornados contracted by the FRG to 357. According to the latest price level, this pushes the cost of the total Tornado project over the DM30 billion limit.

Of the DM3.3 billion that the production of the 35 planes will cost, DM700 million will come from England. The FRG can claim payments in this amount from the United Kingdom because production of the Tornado was previously a mutual undertaking of the FRG, England and Italy. Approximately the same amount of money was saved in the current production of Tornados as the rate at which prices increased remained considerably under that projected. This year, costs come to DM200 million, a figure which will climb to almost DM700 million annually by the end of the decade.

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MILITARY

FEDERAL REPUBLIC OF GERMANY

BUNDESTAG HEARINGS ON ALTERNATIVE NATO STRATEGIES PUBLISHED

Bonn WEHRTECHNIK in German May 86 p 107

[Review by R.S. of "Alternative Strategien: Das Hearing in Verteidigungsausschuss des Deutschen Bundestages" [Alternative Strategies: The Hearing Before the Defense Committee of the German Bundestag] edited by Alfred Biehle, Bernard & Graefe Verlag, Koblenz, 1986, 1,113 pages]

[Text] Let me say from the outset that this extensive work bestows a "summa cum laude" on the Defense Committee of the German Bundestag.

Here the fractions of the German Bundestag, and designated as consultants by all the parties--including, for example, church representatives, active and retired senior military officers, renowned journalists and many others--examine in question-and-answer format the prevailing doctrine (and origin) of "flexible response" as well as the numerous so-called alternative strategies.

All contributions to this book must be applauded for their expertise, fairness, honest conviction and respect for other viewpoints. These qualities alone demonstrate how seriously all participants took this difficult, almost impossibly complex problem of our nation's security. Rather than party lines, very basic, personal convictions are presented here. The otherwise infrequently evinced expertise in this field is all the more impressive as extremely diverging views are aired and supported here. Also refreshing is the way in which the final position of the Defense Ministry is expressed in the expert, fair and unpolemical style of the anthology.

The editor as well as the publisher are to be thanked for this impressive publication.

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MILITARY

FINLAND

NAVY CHIEF ON FLEET MODERNIZATION, ASW CAPABILITY

Helsinki UUSI SUOMI in Finnish 10 Jul 86 p 6

[Article: "Navy Commander Satisfied: Fleet Has Entered Electronic Age"]

[Text] Naval Commander Admiral Juha Tikka, who delivered a speech at the Helsinki Naval Station in Upinniemi on the Navy's anniversary on Wednesday, considers the Navy's present situation to be quite satisfactory. According to Tikka, with the newest Helsinki-class Kotka missile boat the fleet has taken a giant step from the point of view of modern electronic warfare.

"This new equipment will stand up to a comparison with any country," smiled the admiral contentedly at a press conference held on the Kemio ship.

"Personnel have been trained in the new technology for 3 years already, and operational readiness of the equipment has been achieved. It is significant that the changing of attitudes to conform with thinking in accordance with the new technology has been more difficult than the training itself," stated Tikka.

"In a 5-year period 580 million markkaa were invested in the construction of the Helsinki-class vessel and the training of personnel. Now the operational missile boat squadron provides the Navy with a more effective means of surveillance in our country's territorial waters also under exceptional conditions in which long-range surveillance and efficiency are required."

"Submarines Would Be Needed"

The Paris Peace Treaty limits the quantity and quality of air and naval equipment in Finland's Defense Forces. According to Admiral Tikka, the Navy still has an important responsibility in the protection of Finland's neutrality, which it is able to fulfill with its present equipment.

"Indeed, we would need exercise and real submarines for training purposes, but they will not be procured," regretted the admiral.

"The peace treaty limits us, on the one hand, and a new military unit is not just created out of nothing, on the other hand."

No Submarine Hysteria

Tikka does not believe that Sweden's and Norway's submarine incidents will actually affect the attitudes of recruits performing their military service in the Navy. According to him, the events in neighboring countries are somehow felt to be distant in Finland.

"On the other hand, however, motivation is certainly increased by the fact that we now have exceptionally effective equipment with which we are able to perform surveillance and other tasks under the surface of the sea also," said the admiral in remembering to praise the new missile boats at the conclusion of the interview.

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MILITARY

FINLAND

CONSERVATIVE PAPER ON USSR DEFENSE MINISTER'S VISIT

LD191343 Helsinki Domestic Service in FINNISH 1045 GMT 19 Jul 86

/From the Press Review/

/Text/ According to UUSI SUOMI the visit, which ended yesterday, by Soviet Defense Minister Marshal Sergey Sokolov and his high-level entourage was extremely important. The paper says that the highest military leaders of the superpower have other things to do than to watch Finnish wargames on Parola Heath. They would not have come here if the new Kremlin leadership had not wanted to demonstrate clearly that relations between Finland and the Soviet Union are good, friendly and trustful, UUSI SUOMI notes. According to hints from Moscow, the composition of the entourage and the entire visit were messages to the world. Thus they wanted, it is said, to show that the new party leader, Mikhail Gorbachev, who earlier had very little to do with the highest leadership of the Armed Forces, and the highest military leadership are firmly pulling together. The sending of the above-mentioned message may well have been thought appropriate, UUSI SUOMI says, for the Kremlin's many disarmament initiatives have often been interpreted in the West as a weakening of the military leadership's status.

Great attention outside Finland was aroused also by the recent visit to Kuopio of the Soviet MiG-29 aircraft. No Finnish expert is yet believed to have studied the new plane to such an extent that buying it could even be considered. The MiG-21 fighters already bought will be in use for years to come. And in the Soviet Union, too, it is well known that Finland will not buy fighter planes as if from the shop shelves, but that possible purchases will be a lengthy process involving also the political leadership, including the Diet. The purchases must be fitted in with the entire security policy. We are not able to develop all branches of defense at the same time; now we are talking about the decade of the land forces. Above all, the strengthening of the credibility of our ability to defend ourselves requires that foreign countries estimate our defense capability on land as sufficient. The present situation in the trade with the East provides starting points for reinforcing the equipment of our land forces with Soviet material. Thus we shall also strengthen the foundation of the military articles of the Finnish-Soviet Treaty of Friendship, Cooperation and Mutual Assistance. However, we can still outline the future needs of the Air Force at the same time.

According to UUSI SUOMI, Finland has nothing against the Soviet Union's regarding our country as a good shop display window in which they can show both /word indistinct/ and fighter planes. However, the clearest and, for the Finns, most important message of the visit was that bilateral relations between Finland and the Soviet Union are in order, says UUSI SUOMI.

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MILITARY

FINLAND

BRIEFS

LOWER DRAFT AGE PROPOSED--The general staff is preparing to lower the official draft age by one year. In this way the age limit would be more flexible: it would be possible to enter the military at the age of either 19 or 20 years; the current official draft age is 20 years. The reason for implementing the new draft age is the decrease in the size of the age groups. The general staff has not yet submitted a proposal on the issue to the Ministry of Defence. However, it aims at implementing the flexibility in next year's drafting process. [Text] [Helsinki UUSI SUOMI in Finnish 25 Jun 86 p 9] 12956

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MILITARY

NORWAY

NEW COMMANDER ON NATO EXERCISES, USSR THREAT

Oslo AFTENPOSTEN in Norwegian 4 Jul 86 p 4

[Interview by Liv Hegna: "The United States Welcome to Join Exercises!"]

[Text] NATO has scheduled another exercise in 1987 which will include a group of aircraft carriers in Vestfjord. U.S. B-52 bombers may participate in laying mines and carrying out the electronic warfare. The newly appointed commander-in-chief in North Norway, Lieutenant General Vigleik Eide, felt this way about it: "I am very much interested in promoting allied exercises that define areas in the north as free." Eide added that although Norwegian army forces are concentrated in the Tromso area, it does not mean that Finnmark is without protection.

"We have chosen a defensive exercise plan in the northernmost part of Norway approaching the Soviet border, but will not allow allied activity east of 24 degrees longitude. This low-profile exercise is designed to stress the national defense of Finnmark. Garrisons in Sor-Varanger and Porsanger are important elements in this connection," said Eide.

[Question] But since the army generally turns close-range air defense over to the allies, and the fact that these planes are not allowed to exercise in Finnmark, can we assume that these planes will come in here in the event of war? And what will happen to the battle these garrisons are supposed to fight?

General Eide mulled over the answer but concluded firmly and resolutely that under no circumstance is leaving part of our national land area open to enemy advances an acceptable solution.

Eide was concerned about the growing naval threat in the north, while there have only been sporadic allied exercises in the area. "I personally look forward to leading the joint military forces made up of army, navy and air defense units," he said.

[Question] Military personnel is possibly concentrating too heavily on decisions concerning career, pay increases and working hours. New ideas may be needed to get more effective defense out of every krone during hard times. How does the general feel this should be done?

[Answer] I feel that military officer schools provide the best environment for this kind of thing. It is true that a long period of peace may have influenced officers' thinking. In this connection we need to remember that the Norwegian military was systematically cut back between the two world wars. In the last 40 years we have at least managed to maintain a positive attitude toward the military and NATO and have avoided situations like we had in the thirties.

Politics

[Question] Are you affiliated with a political party?

[Answer] General Eide mulled over the answer to this question as well: My immediate circle of friends knows my party affiliation, but I shall not tell AFTENPOSTEN to what degree my party affiliation matches the color of the present or the former government.

In any case, it is such that the Minister of Defense Johan Jorgen Holst could accept Vigleik Eide as commander-in-chief, while he opposed the Supreme Commander's recommendation of Major General Martin Vadset. The latter led the Anchor Express, which took the life of 16 soldiers in the avalanche accident in Vassdalen. Eide led the battle strategy team in the same exercise and was thus second in command to Vadset.

[Question] Did the appointment come as a surprise to you?

[Answer] Yes, completely. Like most of the others, I figured that the Supreme Commander's recommendation would be accepted by the political leadership.

[Question] Looking back on what happened in connection with Anchor Express, one might draw some conclusions. Could it be that Ola soldier's ability to wage war in the winter is dwindling?

Allied Criticism

[Answer] I have been aware of critical remarks among our allied friends. But the only way we can counter such claims is to carry out winter exercises in accordance with a normal program. Above all, we must not get ourselves into a situation in which all exercises are to take place in rural flat country. This would be

the surest way of rekindling rumors of low morale among our soldiers.

[Question] Leaders of the Anchor Express exercise fared badly in cooperating with the press after the avalanche accident in Vassdalen. As commander-in-chief, what do you have to say about the media relationship?

[Answer] Generally speaking, I feel that press people have a good and positive attitude toward the military. The situation is that officers tend to be reserved with the media, bordering on a passive attitude. This tends to put us "somewhat behind" from time to time.

Eide also disclosed a falsehood about himself:

"I am not from Fana, although my birth certificate says so. My native community is Torvikbygd in Norheimsund so I am probably a true "harding," the newly appointed commander-in-chief in North Norway, Lieutenant General Vigleik Eide told AFTENPOSTEN.

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MILITARY

NORWAY

NAVY TO ACQUIRE TEN MINESWEEPERS OVER NEXT FEW YEARS

Oslo ARBEIDERBLADET in Norwegian 7 Jul 86 p 6

[Article by Egil Knudsen: "Defense Replacements: Orders Worth Billions to Norwegian Shipyards"; first paragraph is ARBEIDERBLADET introduction]

[Text] Oslo--During the next few years the defense forces will procure 10 new minesweepers. It has already been decided that these will be built in Norwegian shipyards, which means orders for about two billion kroner. Building is expected to start during 1988.

"We have important social considerations to look after in this matter. Therefore we have decided that the ships will be built in Norway, even though this will take somewhat longer," said Defense Minister Johan Jorgen Holst to ARBEIDERBLADET.

Spread Building

He further stated that it still has not been decided which shipyards will get the orders.

"We are prepared, however, to spread the building around to different places," said Holst.

The 10 minesweepers will replace today's minesweepers in the defense forces. They will be very advanced ships, in technology as well as in the hulls themselves.

Bureau Chief Inger Lise Sogstad in the Defense Department informed ARBEIDERBLADET that at the moment the plans are undergoing preliminary study. Different technical solutions are being evaluated, among other things.

Completed in the 90's

"We expect that the preliminary studies will be completed this year, and that contracting for the first ships can take place in the middle of 1987. That will take place on a bid basis," said Sogstad.

"When will all the 10 ships be completed?" we asked.

"That depends on how much funds are made available in each individual defense budget. The total price of two billion 1986 kroner is, however, fixed. It is most likely that the work will be concluded during the early 1990's," said Bureau Chief Inger Lise Sogstad.

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MILITARY

SWEDEN

ARMED FORCES CHIEF DESIGNATE STRESSES IMPORTANCE OF NORTH

Helsinki HELSINGIN SANOMAT in Finnish 13 Jul 86 p 27

[Interview with Lieutenant Bengt Gustafsson by Marja Salmela, date and place not given]

[Text] Bengt Gustafsson, the future supreme commander of the Swedish Defense Forces is trying to direct the procurements of the armed forces toward businesses in the north.

The Swedish Army's most northern and also most important military base is in Boden, a full hundred kilometers from the Finnish border. Northern Norrland's pentagon is quickly found in the city center, next to the hospital. Entry is easy: there are no fences, and there is not one single guard.

A recruit sitting in the vestibule offers a friendly greeting in the same manner as a polite guard at a large company. When majors, colonels, and captains walk by, the recruit only nods from his chair and does not jump to attention in the Finnish manner.

Lieutenant General Bengt Gustafsson, 52, who is to be promoted to the supreme command of the Defense Forces in October, also offers a relaxed greeting.

When Colonel Gustafsson was named the commanding officer of Sweden's militarily most important area in 1984, he was also promoted directly to lieutenant general.

Bypassing the rank of major general is exceptionally rare; it was already assumed then that the man would become the supreme commander. A supreme commander must know the the Norrbotten area as well as his own backyard. In recent years the Defense Forces have given more money and equipment to this area than any of the country's other districts.

Gustafsson's rocket-like career began already at the Karlsberg Officers' School. It is said that the top student in his class talked about his dreams of becoming a general. One after another he has bypassed many experienced officers. He developed relations with the politicians as a planning chief in the Ministry of Defense.

The General Bargains for Deals

This man who is reminiscent of a smiling, efficient and charming businessman takes a deep breath and begins a breathless speech in defense of area policy.

The future supreme commander fears that the most recent wave of migration will empty the broad expanses of Norrbotten. People are moving south in search of jobs. Fortunately, the cities of Lulea, Pitea, and Skelleftea on the Gulf of Bothnia stop some of those migrating south. Therefore, industrial development funds go to the coast, they do not trickle into the interior.

The strategic significance of the Arctic area, however, has become emphasized in recent years, and Sweden's army has concentrated its forces there by establishing new detachments and procuring weapons. Gustafsson's problem is simple: if a crisis comes, fortifications are in the north, an area becoming devoid of people, and the men are hundreds, even thousands of kilometers away.

Gustafsson's solution is simple also: in the future the Defense Forces will order more supplies and equipment than previously from northern Swedish firms. If a couple hundred million of the 8-billion procurement allotment were spent in Norrbotten and Vasterbotten, it would already mean hundreds of new jobs. Presently, the sum is around 20 million.

Many have forgotten the fact that the Army does not just buy aircraft or radar based on high-tech development, but it also buys nails and ryecrisp. "There is not one single processed food plant, for example, in all of northern Sweden. Every pancake and meat ball must be transported here from the south. Why could not a processed food plant succeed even in the north," says the general in encouraging entrepreneurs.

This area policy sermon does not appear to be just talk as has been the case with many of Gustafsson's predecessors. The energetic lieutenant general shuttled throughout the winter and the spring to various communities to speak at seminars arranged for businessmen. He also invited the Army's major purveyors to attend.

Gustafsson will attempt to initiate cooperation between the metal workshops in the north and the Bofors Weapons Plant as well as the Hagglund & Soner Company, which assembles caterpillar vehicles. They produce vehicles as if from Lego building blocks, even a small firm would be capable of manufacturing a certain amount. "These businesses must, however, agree to stiff competition, no special conditions can be arranged."

The general's bargaining is already producing results, indeed, contracts that are still small. A textile firm in Boden is now clothing recruits with a million, a metal workshop in Haaparanta is welding weapons boxes to cross-country vehicles.

There will be much larger issues on Bengt Gustafsson's mind in a couple months when he moves to Stockholm and to Army Headquarters in Bastion. He has a full

half year to influence the debate on the future of the Defense Forces, which will become more animated in the fall.

Next spring Sweden's parliament will determine how the state will contribute to the Army over the next 5 years. This decision on defense in 1987 will also determine whether the country's metal and aircraft industry will have 7 fat or 7 lean years.

Gustafsson places transparent slides on the overhead projector.

They disclose how defense's slice of the national income pie began to grow smaller in the beginning of the 1970s. The revenue received by the Swedish Army has, in fact, decreased drastically when it is compared with the sums allocated for the support of education, housing construction, and industry.

The atmosphere at that time was against the Defense Forces: pacifism flourished after the experiences of the Vietnam war, recruits had to be enticed to attend officers' schools. To improve its reputation the Army scrapped its authoritarian command system and adopted a more informal style.

Reductions Take Away Credibility

Before this drastic reduction, Sweden used less than 4 percent of the country's gross national product for defense, now less than 3 percent, according to the statistics on the screen.

"This is how this looks," the lieutenant general pauses for effect and peeks out from behind his reading glasses with a mischievous twinkle in his eyes.

A new slide showing unit reductions is reflected on the wall: two of the artillery brigades and tank brigades have disappeared, 11 of the coastal artillery battalions, six of the mine clearing squadrons, 12 of the submarines, 23 of the combat ships, 11 aircraft from the destroyer squadrons, four from the reconnaissance aircraft division, and so on.

When Gustafsson shows figures for the Air Force and the Navy, he shakes his head and spreads out his hands. "This can no longer continue. These reductions are already causing anxiety in neighboring countries. If the direction does not change, the Swedish Defense Forces will lose their credibility."

Inasmuch as it will continue to be necessary to eliminate units because of a lack of money, the next target for saving money will be the ground forces according to the lieutenant general. Then it will become necessary to consider changing the compulsory military service system.

"This would be a serious mistake. There is a lot of surface area to be defended, but there are too few people. The same as in Finland. Every man is needed. I do not believe the people want a change."

On the contrary. In Gustafsson's opinion, the increasingly more complex technology of weapons and equipment attests to the need to lengthen service

time and increase refresher courses -- the general himself was trained in technical units.

"Guess how many recruits serve in a submarine," he asks, but does not wait for an answer.

"Exactly one. He is the cook."

A decision will probably be made next spring to experiment with increasing the service time of recruits entering the Navy by several months.

If Sweden could afford to spend a little less than 4 percent of the gross national product on defense before the 1970s, would it not be able to afford more than 3 percent in the 1990s, continues Gustafsson. "The Army is not at all a pig in the welfare nest. It eats up only 3 percent of all the state's expenditures."

What do these percentages mean in practice? They mean 23--24 billion kronor (16--17 billion markkaa) annually. Perhaps, it will not be difficult for the new commander to get the attention of the politicians: the submarine incidents and spy scandals exposed in the Air Force last summer have cultivated a positive atmosphere for the Army.

The Army has reduced its permanent personnel by 10,000 during this austerity phase and it will attempt to accomplish its present tasks with a force of 17,300 officers and 20,200 civilian employees. The number of personnel will be reduced by even a few more thousand in the future.

The benefits for the permanent staff as well as recruits have improved, and, naturally, this is a cost factor. Soldiers frequently use commercial flights while travelling. The weekly air travel coupons for recruits alone cost 400 million kronor annually.

Nevertheless, a military profession does not attract young officers; the comings and goings of a working wife, children's day-care hours, and domestic chores are difficult to dovetail with irregular hours and a constant state of readiness.

The state's austerity program keeps wages low, one can earn even twice as much in a private company. Officers frequently advance to a higher position in civilian life than in the Army. If one chooses a military career, one must be ready to move. Many have purchased a home under favorable terms; living is now reasonably inexpensive. A move, on the other hand, is often economically very unfavorable.

"We are attempting to limit transfers as much as possible. We are presently seeking alternatives by which those having to move can be compensated. Many also choose life out of a suitcase: they move themselves, but the family remains behind. Consideration must be given to whether even such extraordinary expenditures can be alleviated."

The North Is Ready

[Question] In the opinion of the supreme commander, what are the weakest links which must unconditionally be improved in the future?

[Answer] A readiness to prevent incursions by submarines, but this is no longer anything new. The next task to be accomplished is the development of the new JAS multi-operational aircraft for the Air Force.

The aircraft being planned by Saab and Volvo at their aircraft engine plant receives its name from the Swedish words jakt, attack, and spaning or destroy, attack, and reconnaissance. This small, agile aircraft weighs half as much as the Viggen, but is still capable of transporting heavy weapons.

The new JAS-aircraft will be the Army's best bet and largest investment in the next decade. It is estimated that its procurement will cost around 35--40 billion kronor. The manufacture of the aircraft will begin in 1993 in Linköping and Trollhättan.

Bengt Gustafsson leaves the Boden pentagon rather satisfied; the recruits have been placed on a sound basis. Norrland's five brigades have brand-new equipment: the men no longer ski, but move about on cross-country vehicles and transport helicopters. The rivers and bogs are traversed by pontoon bridges built in 2 to 3 hours.

Air surveillance will be made more effective with a new radar system, which, if necessary, can be placed underground. The lieutenant general shows a diagram of a surveillance station, in which the sensitive antenna can be retracted into a protective silo.

The most recent subjects of pride, Sweden's first combat helicopters developed for anti-tank defense, are available for inspection at the airport. Only two of the 10-million kronor helicopters has been tested to date, later there will be 10 additional such helicopters at Boden.

On the other hand, no invitation to ride on one is extended; there is something the open Swedes want to keep secret. A videofilm produced by the Germans serves as an effective marketing tool: the copter ascends and descends, winds around and turns like a stunt plane. It flies at a speed of more than 200 kilometers at a height of a couple meters dropping almost to the bottom of the trench from time to time.

The film comes to an end when the missiles mounted on both sides of the helicopter strike the targets on the ground, imaginary tanks.

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MILITARY

SWEDEN

ARMED FORCES TO ACQUIRE ERICSSON TRUPP RADIO 8000 SYSTEM

Stockholm SVENSKA DAGBLADET in Swedish 22 Jun 86 p 21

[Article by Erik Liden]

[Text] The new all-around radio system for the military--Trupp Radio 8000, manufactured by Ericsson Radio Systems in Kista and selected after competing with similar European and U.S. models--will be bought by the Army for nearly 1 billion kronor. Interest in this Swedish invention for export is also very high.

The Armed Forces' ideas for communications between now and the end of the century were recently presented at a large computer and electronics exhibit in Enkoping which included exhibitors from the entire Nordic Region and visitors from the rest of Europe.

The Swedish Armed Forces will soon buy nearly 1 billion kronor worth of this Ericsson product, which was tested in competition with five similar foreign communication systems. In every respect--price, quality, availability, maintenance costs, and simplicity--the Swedish product is the best.

For the first time, Armed Forces radio equipment is going to have so-called frequency hopping, meaning that channels are changed several times a second to make jamming and interception difficult. No other military radio in the world today can hop across as wide a frequency range as Trupp Radio 8000 can.

Data Communication

Older conscripts and NCO's are not going to believe their eyes when they come across Trupp Radio 8000 in future refresher courses. It provides automatic switching for conversations, automatic rerouting in case of interruption or relocation, encrypting, and data communication with personal computers or small computers like those the artillery will use to improve fire control between observation posts and gun positions.

The total communication system uses products from various Swedish and foreign firms. It will soon be possible to store all military maps in four colors in a computer providing instant display on a TV screen. Information on

visibility, varying elevations, power lines, and large structures is produced automatically. That information will also be created on a rolling electronic map in the JAS-39 Gripen aircraft.

The National Telecommunications Administration is going to play a smaller role in the new military communication and information systems than it does today. The current modernization program involving AXE exchanges is creating problems for the Armed Forces. The automatic alerting of home guardsmen, civil defense, and so on is being made more difficult, and digital communications are reducing the possibility of direct connections in the field. There will also be fewer wiring points overall than there are today.

The Armed Forces are therefore going their own way, but they will use the National Telecommunications Administration's technology and lines wherever possible. Various systems--the Armed Forces telecommunications network, the National Telecommunications Administration's network, Telecommunications System 8000, Trupp Radio 8000, radio links, and line communications between fortifications--will be interconnected and also combined with modern computer systems for combat information operations and surveillance.

Nodes will be scattered all over the country to reduce vulnerability. Underground cables will replace overhead lines for the same purpose.

Trupp Radio 8000 will replace older American products, among them Radio 145. Older radio sets will be given to local defense units and the Home Guard, which have long been wanting better communication facilities. Trupp Radio 8000 is lighter, has a longer operating time and a longer range, can be preset, and is simple to operate, whether for transmitting or for receiving voice communications, code, or data communications.

Trupp Radio 8000 can also be easily mounted in combat vehicles, combat information centers, and so on.

The Swedish Government is expected to grant a purchase authorization totaling nearly 1 billion kronor in September. Neutral countries as well as NATO states, with the United States in the lead, are interested in the Swedish system.

Pictures From Viggen

"Sweden's profile in the area of communications and information is important to our security," said Lieutenant General Sven-Olof Olsson, Air Force commander in chief, in a talk at the exhibit in Enkoping. "Our surveillance system using the Viggen, photo interpretation, intelligence platoons, and so on currently provides extensive information based on studies of the pictures taken from the SF-37 Viggen over the Baltic Sea and in the Kattegat. Those pictures are timed and plotted precisely, and this facilitates identification. The JAS-39 Gripen will use even better systems."

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ENERGY

NORWAY

LABOR PARTY PAPER APPLAUDS DECISION TO IMPROVE TIES WITH OPEC

Oslo ARBEIDERBLADET in Norwegian 4 Jul 86 p 4

[Editorial: "OPEC and Us"]

[Text] The Willoch government administered Norway's Golden Age of Oil. The golden year of 1985, with oil income to the state of about 50 billion kroner, will not return in the foreseeable future. The high income was due to a combination of high oil prices and an extremely high dollar rate of exchange.

The reality for the government of Gro Harlem Brundtland is that its income will be short about 70-80 percent of what Willoch had the use of.

Naturally the former Norwegian Government was not responsible for either the dollar exchange rate or the price policies of the OPEC countries. But it was responsible for Norwegian foreign policy, including Norway's relations with OPEC. Today we can be sure that our relations with OPEC were drastically weakened under the Willoch government. This part of Norwegian foreign policy caused a catastrophic occurrence during the visit of Oil Minister Kare Kristiansen to Saudi Arabia in the spring of 1985.

To the surprise of his colleagues and surely to that of the Saudis, Kristiansen stated that Norwegian oil production would not increase during the following years. This statement was in direct conflict with existing plans, as the Saudis well knew, since they carefully follow developments in the oil market. One can only imagine the Saudis' reaction at hearing the Norwegian oil minister in Saudi Arabia making an official statement in such conflict with reality.

Politics at this level is a cynical game in which all participants protect their own interests. That is accepted. But the acceptance does not extend to giving obviously incorrect information in bilateral conversations. Then the conversations lose a meaningful basis. It was still worse, from a Norwegian standpoint, that in addition to being untrue the statement was against Norwegian interests. The previous government's attitude was that Norway does not need good relations with OPEC countries. It is more important to have good relations with countries in the IEA [International Energy Agency].

Last fall OPEC struck back and gave up the defense of high oil prices. Instead their goal became market shares for OPEC producers, led by Saudi Arabia, which increased its oil production. We all know the result, which was the price drop last spring.

But even in this situation the Willoch government did not believe that Norway needed good relations with OPEC. OPEC's feelers about reduction of production were not the object of conversations, discussions or diplomacy. They were constantly rejected.

The government of Gro Harlem Brundtland has changed this policy. Now the Norwegian prime minister and oil minister converse with OPEC on a new basis. Norway has something to contribute in a situation where there is uncertainty in the regulation of production in relation to the demand on the market. Norway can eventually consider an independent decision to level out the planned growth of Norwegian oil production in coming years.

It is easy to see that this creates another basis for dialogue than the previous government's position of rejection. Norway is served by an oil price at a higher level than today's. It is clear to us that the Norwegian government should try to take care of this interest on a more constructive basis than that of a free ride.

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